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91-1581

No. _____

Supreme Court, U.S.
FILED
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In The

Supreme Court of the United States

October Term, 1991

UNIVERSAL UNDERWRITERS INSURANCE COMPANY,

Petitioner,

vs.

GERRISH CORPORATION, doing business as Gerrish Motors, doing business as Scrub-a-Dub,

Respondent.

Petition For Writ Of Certiorari To The United States Court Of Appeals For The Second Circuit

APPENDIX TO PETITION FOR WRIT OF CERTIORARI, VOLUME II, PAGES 110-407

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SC 1

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DEFENDANT'S EXHIBIT A

(Logo)

UNIVERSAL UNDERWRITERS INSURANCE COMPANY
A MEMBER COMPANY OF THE LYNN INSURANCE
GROUP FIFTY-ONE FIFTEEN OAK •
KANSAS CITY, MISSOURI 64112

May 2, 1980

Honorable Tom Prindville, Commissioner
Vermont Insurance Department
State Office Building
Montpelier, Vermont 05602

(Received May 5, 1980)

APPROVED 5/19/80

DECLINED _____

BY: RII

Re: UNICOVER III Policy and Manual of Rules and Rates Proposed effective date: June 1, 1980

Dear Sir:

We wish to file with you our new modern language policy – UNICOVER III. This policy is designed exclusively for the Automobile Dealer, Truck Dealer and Motorcycle Dealer. It is our response to the requests of the N.A.I.C. to modernize. This simplified language policy exceeds every Flesch Readability standard established by any state for any line of Insurance – either commercial or personal. Type size and printers leading is also equal to, or in excess of, all minimums. Please refer to attached sworn Affidavit by a Company Officer as to Flesch scoring.

The final tally on our existing UNICOVER policy is that it was approved by every state where we attempted to file it. Your Department approved the existing UNICOVER on 12-7-72, and has approved the subsequent revisions necessary to keep it up-to-date. We hope you will give the same favorable consideration to UNICOVER III. Those states that require exceptions or amendments to our existing policy or Manual will find that each of those exceptions are also considered in this filing.

As you know, we have specialized in insuring the Motor Vehicle Dealer risks for over 58 years. Because of our expertise and specialization in this line of business for over half a century, Motor Vehicle Dealers expect us to take the lead in keeping their insurance package in line with current needs and developments.

The age of Consumerism is bringing with it a whole new set of problems. Many are especially unique for the Motor Vehicle Dealers. We have been keeping abreast of these problems by having our Claims Staff collect data on the type of claims being presented that were not covered by insurance. Sales personnel kept us informed from the other end. We then had our UNICOVER Committee concentrate for 1½ years creating an easy to read policy with only Motor Vehicle Dealers in mind. Their efforts were then critiqued in several study seminars and panel commissions that included the Underwriting, Sales and Claims Divisions – from the topmost officers down through the ranks. UNICOVER III is our reply to the demand from the Dealers to provide the needed new options.

As in the prior UNICOVER policy, this submission provides a package form, which may include both Property and Casualty insurance, excluding Workers' Compensation. The format is the same as the General Liability Automobile Policy, in that the Standard Policy Provisions, added to one or more of the Coverage Parts, each constitutes a complete separate contract of insurance.

As future time permits, we hope to be able to modify this contract from time-to-time in order that we will be able to insure other classes of risk. Since this filing is not a revision of the current UNICOVER, we wish for that policy to remain in effect so that we will have a policy to use for insuring those risks other than Motor Vehicle Dealers. Under separate cover we are sending a revised Manual Rule to preclude us from insuring Motor Vehicle Dealers under the old policy.

Enclosed, in duplicate, for your approval are the following forms which are necessary to convey coverage under UNICOVER III. Declaration pages are completed as a specimen policy for your convenience. If "blank" Declaration pages are needed, we will provide. UNICOVER III Manual of Rules and Rates is also attached.

The policy with the plastic three ring binder is for your files. The one without the binder cover is the one we would like for you to stamp "approved" and return to us for our permanent records. A Stamped, Self-addressed envelope is attached. The self-addressed envelope contains adequate postage as of the time of this filing.

COVERAGE PARTS – ALL 4/1/80 EDITION:	PAGE NUMBER – ALL 4/1/80 EDITION:
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Coverage Part No. 900 – Basic Auto Insurance	Pages 29, 30, 31, 32, 33
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Coverage Part No. 980 – Umbrella	Pages 41, 42, 43, 44, 45, 46

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Co-Workers Liability Excluded – Coverage Part No. 500	Page 28-D
Customer Rental Coverage Excluded – Coverage Part No. 500	Page 28-E

In order to create a product with distinctive readability and understanding, it was necessary to completely revise common insurance language. Due to this mass conversion from conventional to modern language, (and from generalization to specialization), UNICOVER III is an entirely new product. There is no diminishing, lessening, or restriction of standard insurance coverage unless outlined on the last page of this filing letter. All changes then would be for the betterment of, or to the advantage of, the Insured. Where new or broadened coverages are charged for, we have provided for the option or "buyback" with the expectation that there may be some Insurance Departments that would require this.

In general, this policy, like the other UNICOVER policy, is rated from the monoline manuals currently on file for the company. Options or Coverages rated under UNICOVER III for Motor Vehicle Dealer risks are found in Rule 6 of the UNICOVER III Manual of Rules and Rates. These pages are yellow colored to distinguish them from any other Manual filed by, or on behalf of, the Company.

DECLARATIONS AND GENERAL CONDITIONS

(Pages one thru seven)

A significant change in the DECLARATIONS is our method of presenting the coverages that were NOT purchased. We will display all available coverages. When a coverage is not purchased the words, "no cover" will appear beside that coverage. We believe this is an important step toward clarifying coverage, including those which were NOT purchased.

Where possible, DEFINITIONS and CONDITIONS were returned to their individual Coverage Parts for continuity and ease of readability and understanding. We only have four definitions here – outlining who "we" are and "they" are.

AUTO PHYSICAL DAMAGE COVERAGE PART

(Pages eight thru ten)

Customer's Autos are going to be insured the same as "Owned Autos." Of course, the Insured has the option of purchasing standard GKLL instead, if he so desires. This identical treatment allows for ease of completing monthly reports, etc. In particular, it will allow for such things as Trick and Device coverage where the "shop wise" thief comes in to claim a customer's car as his own.

Other property of customer's within an automobile is an option as before. However, the ISO had been separating rates as to Fire, Theft, Explosion, VMM, etc. This is no longer done. They have combined the rates into "Comprehensive." For that reason, our rates are 100% of the "Comp" rather than 100% of (the others combined) because their rates no longer exist.

A coverage we created over three decades ago is Trick and Device! It took the Industry several years to catch up with their "False Pretense" coverage. When they did, we created the "Fraudulent, Forged or Counterfeit Title Coverage" covering vehicles purchased from someone who legally had no right to sell them. We are now introducing the Criminal Conversion and Criminal Secretion (after parting with possession), extension to this coverage. The rate for this extension is .05 per $100 of values. This is a

very good example of our providing an option or "buy-back." Now, all three of these coverages are called "Trick and Device." There are three segments to the rate. Any, all, or none of these segments can be purchased.

PROPERTY COVERAGE PART

(Pages 11 thru 16)

Here is an example of "readability" that the Flesch test doesn't measure! Our UNICOVER Committee was able to replace five Coverage Parts with just one. Our "Property" Coverage Part now includes Glass, Inland Marine, Fire Legal Liability, Property and Time Element. Declaration pages will clarify existence of coverage, deductibles, and amounts of insurance.

BUSINESS CONTINUATION EXPENSE INSURANCE is an excellent example of specialized knowledge being put to use. What is commonly called "Earnings Insurance" might very well be suited for many Mercantile businesses; however, it has had one very serious deficiency for Automobile Dealers. They were required to pay premium on the value of their automobiles, and they could not practically hope to collect in proportion to the payment of premium should a loss occur. Any knowledgeable specialized Company Adjuster can put a Dealer back into the business of selling automobiles almost right away with a vacant lot, desk, etc. For this reason, our new Business Continuation Insurance will not require the insuring of this portion of a Dealers operation.

CONTINGENT LIABILITY FROM OPERATION OF BUILDING LAWS. This coverage is seldom purchased, but is frequently needed and the need isn't discovered

until it's too late. This coverage will not automatically include the "Greater Cost of Construction" or "Demolition Cost" coverages. Our method of presenting the "no cover" items on our Declarations pages should cause a serious consideration as to whether or not the coverage is needed.

GARAGE INSURANCE COVERAGE PART

(Pages 24 thru 28)

Here is how, or where we broadened coverages previously offered. Though we pioneered these coverages, most of the Industry uses them in their old form.

1. CO-WORKERS LIABILITY had been limited to Auto Accidents only. We've removed this limitation. When you consider the "DISCRIMINATION, HUMILIATION," etc., coverage explained later, you'll realize that CO-WORKERS LIABILITY is extended into this area also.

2. CUSTOMER RENTAL, (a coverage we had pioneered). We aren't limiting or stipulating the number of automobiles.

3. Federal Truth-in-Lending and Federal Odometer E&O coverages which we pioneered are now called "Legal Damages" or defense coverage. Among other things, we pick up Truth-in-Leasing Laws, Auto Damage Disclosure Laws, and coverage goes beyond the Federal level by defending for lawsuits arising out of State laws treating on these same subjects. Since local ordinances are beginning to appear too, the policy was broadened to defend these claims too.

4. BLANKET CONTRACTUAL and FRANCHISED PRODUCTS coverages have been offered in the past. Recently appearing on the scene are Indemnification

Agreements that the Dealers are being required by the Manufacturers to sign wherein they are indemnifying the Manufacturers for alleged negligence in service or repairs, etc.

The following would fall into the category of "new" coverages. Again, rates are in Rule Six of the UNICOVER III Manual of Rules and Rates. Coverages are outlined below. Since each of the coverages is completely untested, rates are then judgmental.

1. VEHICLE DAMAGE TO BUILDINGS RENTED, (when auto is operated by an insured). The need for this coverage around a Motor Vehicle Dealership is rather evident because of the considerable movement of vehicles.

2. WATERCRAFT AWAY FROM THE PREMISES – can now be covered for both hull damage and liability coverage. Previously coverage was limited to the premises only.

3. DISCRIMINATION, HUMILIATION, MENTAL ANGUISH, etc – the courts are setting serious precedents on these problems. Until now, large Commercial Umbrella Policies have only flirted with bits and pieces of this with sizeable [sic] retentions. We are recognizing and insuring these problems. Dealers are not only vulnerable in employment and hiring practices, but are open to exposure with each customer in any credit transaction, insurance application, etc. The need for insurance to cover these exposures is somewhat overdue.

4. EMPLOYEE BENEFITS liability coverage is new to our UNICOVER III. Errors, Omissions or negligent acts in the administration of Plans dealing with Profit Sharing, Pensions, Group Life, etc., are now covered.

5. PRODUCTS RELATED DAMAGES coverage will provide defense coverage for any suit brought by customers who purchase automobiles o have theirs serviced. Legal liability does not have to be apparent – injury does not have to occur, and the case does not have to be the result of an occurrence before we will defend. The typical lawsuit would be one in which a customer merely claims that his vehicle is no good. Of course, Bodily Injury suits because of PRODUCTS LIABILITY claims are still insured under the Garage Coverage Part.

6. PERSONAL INJURY LIABILITY INSURANCE coverage options are what make up Injury Group 3 and Injury Group 4. It was necessary to display the individual components and the rate for each component part for "buy-back" purposes. These coverages are on a "refer to Company" basis in the Commercial Lines Manual. Some states require the filing of "refer to Company" rates and other [sic] do not. These are being filed for your approval.

The Crime, General Liability, Basic Auto and Personal Umbrella sections are nearly identical to their counterparts in Unicover II with respect to coverage. The only substantial change is in the language itself, which has been updated to conform with the rest of the policy.

As mentioned earlier in the letter, there are a few areas of language change that, in a very technical sense, might seem to limit standard basic coverage. We believe that they clarify rather than limit, and trust that you will agree. They are:

1. CB radios and scanners have been in the same category. We've merely placed "radar detectors" in with treatment of CB radios.

2. "Pre-arranged racing contests" exclusions should also include a "rally." It is a timed event – a competitive event. We've added the word "rally" to the "pre-arranged racing contest" exclusion.

3. Currently, the word "occurrence" is defined as being neither "expected nor intended." Since we're covering administration of Profit Sharing Plans, Discrimination, and several other new hazards, we believe insurance should be clarified that dishonest, fraudulent and criminal acts are not covered. Exclusion "A" of the Garage Coverage Part specifies this.

4. Radio or TV antennas are now excluded for loss caused by ice, snow or sleet. We now cover these perils, but exclude all coverage where they are over 25 feet from the surface where anchored.

5. Both the standard language and our policy exclude BI and PD from the discharge or escape of petroleum into a body of water. Standard language states that the exclusion did not apply if the excape [sic] was sudden and accidental. We wish the exclusion to apply whether accidental or not, (Exclusion "n" of the Garage coverage Part).

6. Standard General Liability covers certain liabilities assumed under "incidental contracts," among which would be "undertakings to indemnify municipalities required by local ordinance." These undertakings would not be covered under our Garage Coverage Part.

We trust that this filing will meet with your approval. If you have any questions, please call me collect at 816-753-5800.

Sincerely,

/s/ Leo J. Cisper
Leo J. Cisper
Assistant Secretary

LJC/m

UNIVERSAL UNDERWRITERS INSURANCE COMPANY
A MEMBER COMPANY OF THE LYNN INSURANCE GROUP FIFTY-ONE FIFTEEN OAK •
KANSAS CITY, MISSOURI 64112

(logo)

VERMONT

STATE AMENDATORY PART

The GENERAL CONDITIONS are changed as follows:

The third paragraph of the CANCELLATION Condition is replaced by:

> If WE cancel, a written notice of cancellation will be mailed or delivered to YOU at the address shown in the declarations. The notice will state when, not less than 30 days thereafter, the cancellation will be effective. When cancellation is for nonpayment of premium or substantial increase in hazard, WE may cancel this policy by giving YOU 10 days notice of cancellation.

If this policy has been in effect for 60 days or more, or if this policy is a renewal of a policy WE issued, WE may cancel this policy only for one or more of the following reasons:

(1) nonpayment of premium, or

(2) fraud or material misrepresentation affecting this policy or in the presentation of claims thereunder or violation of any provisions of this policy, or

(3) substantial increase in hazard.

Notice of Cancellation to YOU will be by certified mail except that in the case of cancellation for nonpayment of premium, notice shall be by certified mail or certificate of mailing. The mailing of notice shall be sufficient proof of notice.

The following Conditions are added:

NONRENEWAL – If WE elect not to renew this policy, WE will mail or deliver to YOU at YOUR address shown in the declarations, written notice of OUR intention not to renew at least 30 days prior to the expiration date of this policy. This Condition will not apply:

(1) if WE have manifested OUR willingness to renew, or

(2) in case of nonpayment of premium, or

(3) if YOU fail to pay any advance premium required by US for renewal, or

(4) if any insured property designated in this policy is insured under any other insurance policy.

RENEWAL – If WE elect to renew this policy and have the necessary information to issue a

renewal policy, WE will confirm in writing at least 30 days prior to expiration OUR intention to renew this policy and the premium at which this policy is to be renewed.

If WE do not comply with the provisions of the foregoing paragraph, YOU will be granted renewal coverage at the rate or premium in effect under the expiring or expired policy or at rates in effect on the expiration date, which have been approved by the Commissioner. This will be done on a pro rata basis and will continue for 30 days after WE confirm renewal coverage and premium. This provision will not apply if YOU accept the renewal policy.

The following applies to all Coverage Parts affording AUTO LIABILITY or GENERAL LIABILITY insurance:

VERMONT STATUTORY LIABILITY ENDORSEMENT

This policy is issued and delivered subject to the Laws of Vermont and particularly to Chapter 113, Title 8 of the Vermont Statutes, including the following statutory requirements forming a part of such Chapter:

WE will pay and satisfy any judgment that may be recovered against the INSURED upon any claim covered by this policy to the extent and within the limits of liability assumed thereby, and shall protect the INSURED against the levy of any execution issued upon any such judicial judgment or claim against the INSURED. No limitation of liability in this policy shall be valid if, after a judgment has been rendered against the INSURED in respect to his legal liability for damages in a particular instance, WE continue

the litigation by an appeal or otherwise, unless the INSURED shall stipulate with US, agreeing to continue such litigation;

No action shall lie against US to recover for any LOSS under this policy, unless brought within one year after the amount of such LOSS is made certain either by judgment against the INSURED after final determination of the litigation or by agreement between the parties with OUR written consent;

The insolvency or bankruptcy of the INSURED shall not release US from the payment of damages for INJURY sustained or LOSS occasioned during the life of the policy, and in case of such insolvency or bankruptcy an action may be maintained by the injured person or claimant against US under the terms of the policy, for the amount of any judgment obtained against the INSURED not exceeding the limits of the policy; and

Payment of any judicial judgment or claim by the INSURED for any of OUR liability hereunder shall not bar the INSURED from any action or right of action against US. In case of payment of LOSS or expense under this policy, WE shall be subrogated to all rights of the INSURED against any party, as respects such LOSS or expense, to the amount of such payment, and the INSURED shall execute all papers required and shall cooperate with US to secure to the company such rights.

The following exclusions, pertaining to pollution and contamination, are deleted with respect to any AUTO insured by this policy and licensed or principally garaged in, or used for GARAGE OPERATIONS in Vermont:

Coverage Part 500 – GARAGE INSURANCE: (m) and (n)

Coverage Part 900 – BASIC AUTO INSURANCE: (g)

Coverage Part 980 – UMBRELLA: (g) and (h)

The following exclusions are changed to delete "or stunting activity:"

Coverage Part 500 – GARAGE INSURANCE: (h)(2)

Coverage Part 900 – BASIC AUTO INSURANCE: (h)(1)

Coverage Part 980 – UMBRELLA: (o)(2)(ii)

The following is added to Exclusion (c)(3) of Coverage Part 950 – GENERAL LIABILITY INSURANCE:

This exclusion does not apply to any snowmobile or trailer designed for use with it if the INJURY occurs on any premises owned by, rented to or controlled by YOU.

Omitted are 8 pages of prototype declaration sheets submitted with the policy form.

UNIVERSAL UNDERWRITERS
INSURANCE COMPANY

A MEMBER COMPANY OF THE LYNN INSURANCE GROUP

FIFTY-ONE FIFTEEN OAK • KANSAS CITY, MISSOURI 64112

(Logo)

UNICOVER
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UNICOVER®

The one and only!

UNIVERSAL UNDERWRITERS INSURANCE COMPANY
5115 OAK STREET KANSAS CITY, MISSOURI 64112

PREAMBLE

This entire document constitutes a multiple coverage insurance policy. Unless stated otherwise in a Coverage Part, each Coverage Part is made up of its provisions, plus those of the State Amendatory Part (if any), the General Conditions, and that portion of the declarations referring to the Coverage Part, including all endorsements made applicable to that Coverage Part. Each Coverage Part so constituted becomes a separate contract of insurance.

This policy is signed by OUR President and Secretary, and where required by law, by one of OUR authorized representatives.

/s/ John A. Magus
SECRETARY

/s/ E. M. Lynn
PRESIDENT

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INSURANCE COMPANY

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A MEMBER COMPANY OF
THE LYNN INSURANCE GROUP
FIFTY-ONE FIFTEEN OAK
KANSAS CITY MISSOURI 64112

(LOGO)

UNICOVER
GENERAL CONDITIONS

WE have issued this policy based on OUR understanding of YOUR agreements, statements, and representations, and in consideration of YOUR agreement to pay the required premiums when due. By accepting this policy YOU agree that YOU have been truthful with US, and that all agreements between YOU and US are included in the policy and declarations. WE, therefore, agree with YOU as stated in this policy, its endorsements, and the declarations.

DEFINITIONS – Except for headings or titles, a word written in all capital letters indicates it has a specific meaning as defined in each Coverage Part. The following definitions apply to any Coverage Part where they appear:

"INSURED" means any person or organization qualifying as an INSURED in the WHO IS AN INSURED provision of the Coverage Part. Except with respect to the limit of liability, the insurance afforded applies separately to each INSURED.

"WAR" means war (whether declared or not), civil war, rebellion, insurrection, revolution, or any act or condition incident to any of these.

"WE", "US", or "OUR" means Universal Underwriters Insurance Company.

"YOU" and "YOUR" means the person or organization shown in the declarations as the Named Insured.

PREMIUM – YOU must pay all required premiums when due, on the basis specified in the declarations:

> "Variable" – each month YOU must calculate the earned premiums by multiplying the rates (shown on the required reports of values) times the values YOU report as applicable to those rates. Together with the specific premiums shown on the report, YOU must pay US within 30 days after the close of the month for which the report is to be submitted. There will be no final adjustment in the earned premium if the values reported are accurate and premiums are paid promptly when due.
>
> "Non-variable" – each month YOU must report any required values and pay the provisional premium due each month. At the end of the policy period, after WE have received all the required reports, WE will calculate the earned premiums. If it is more than YOU paid, YOU will pay US the difference. If it is less, WE will refund the difference.
>
> "Fixed" – each month WE will bill YOU for a portion of the annual premium, for which there is no annual adjustment.
>
> "Annual" – the entire annual premium is due upon issuance of the policy.

INSPECTION AND AUDIT – WE have the right, but not the duty, to inspect the insured property or operations at any time. OUR doing so will not mean WE guarantee the

property or operation is healthful or safe, or that they conform to any rule, regulation, or law.

YOU must keep accurate records and send them to US promptly upon request. WE have the right to examine and audit YOUR books and records at any time, up to three years after this policy ends.

YOU must allow US to perform any inspection or audit.

FINANCIAL RESPONSIBILITY LAWS – A state motor vehicle law may require an INSURED to prove future financial responsibility. If WE certify this policy as providing such proof, that INSURED must repay US for any payments WE would not have had to pay without the certification.

ACTIONS AGAINST US – No INSURED can sue US for any reason, to recover under this policy, unless they have complied with all of its terms.

Suits for LOSS to YOUR property must be made within 12 months from the date YOU discover the LOSS, but no sooner than 90 days after YOU file a sworn proof of LOSS.

Suits for liability claims cannot be made until the amount of the INSURED'S liability has been finally determined, either by trial or a written agreement between the claimant, the INSURED and US. Once that liability has been so determined, WE will pay up to the limit as shown in the declarations. No one can join US in suing YOU, or an INSURED, or sue US direct.

OUR obligations to an INSURED remain, even if the INSURED becomes bankrupt or insolvent.

OTHER INSURANCE – Unless stated otherwise in a Coverage Part, this insurance is excess over any other insurance, whether it is collectible or not.

If more than one Coverage Part should insure a LOSS or INJURY the most WE will pay is the highest limit applicable. The limit under that Coverage Part will be inclusive of the lower limit in the other Coverage Part(s), not in addition to them.

SUBROGATION – YOU and each INSURED must do all in their power to preserve their rights to recover from others.

Once WE have made a payment under this policy, YOUR or an INSUREDS rights to recover from others become OUR rights.

CHANGES – The only way this policy can be changed is OUR issuing an endorsement(s) or substituting the declarations. They must be signed by one of OUR representatives when required by law. Nothing else will change this policy, waive any of its terms, or stop US from asserting any of OUR rights, not even notice to or knowledge learned by one of OUR representatives.

If WE change any of the terms of this policy, which broadens or extends the coverage, this policy will automatically be broadened or extended as if it were actually endorsed, if:

(a) the change was approved by YOUR state insurance regulatory authority, during the policy period or 45 days before the policy became effective; and

(b) the change is available to YOU without additional premiums.

ASSIGNMENT – No assignment of interest will affect this policy unless WE change the policy. If YOU die, however, YOUR legal representative can act on YOUR behalf. Any person having temporary custody of YOUR property will be covered until YOUR legal representative is appointed.

CANCELLATION – Either YOU or WE can cancel this policy, or a Coverage Part(s) by notifying the other.

If YOU cancel, return the policy to OUR representatives or write US, telling US the date YOU want the cancellation to be effective. The earned premiums will be calculated to include the customary short rate penalty.

If WE cancel, a written notice of cancellation will be mailed to YOU at the address shown in the declarations. The notice will state when, not less than 10 days thereafter, the cancellation will be effective. The mailing of the notice will be sufficient proof of notice. The effective date and hour of cancellation stated in the notice will become the end of the policy period. Delivery of such written notice, either by YOU or US, will be equivalent to mailing.

POLICY PERIOD – All insurance under this policy will begin and end at 12:01 AM (Standard Time) unless it replaces, or is replaced by, a policy beginning or ending at 12:00 Noon (Standard Time). In that event, WE will cover at that time.

This policy starts on the first date shown in Item 1 of the declarations, and ends on the second date shown there. Any coverage or property added or removed during that

time, will be covered for the period shown separately in the declarations.

POLICY TERRITORY – Unless stated otherwise in a Coverage Part, this policy covers:

(a) anywhere in the United States of America, its territories or possessions, or Canada;

(b) in international waters or air spaces if the LOSS or INJURY does not occur in the course of travel or transportation between countries, states, or nations;

(c) anywhere in the world, if the INJURY arises out of a PRODUCT YOU sold for use or consumption in (a) above and the original suit is also brought in (a) above.

ARBITRATION – If YOU and WE can't agree on the amount of YOUR property LOSS, either of us can demand an appraisal. Then, each will select a competent and disinterested appraiser who will, in turn, select a competent and disinterested umpire.

Each appraiser will state his appraisal of the LOSS. If they can't agree, they will submit their differences to the umpire. The amount of the LOSS will be determined by a written agreement of any two of them.

YOU and WE will each pay his own appraiser, and equally share the other expenses of the appraisal and the umpire. WE will not be held to have waived any of OUR rights by any act relating to appraisal.

CONFORMING TO LAW – If any part of this policy is in conflict with state law, those provisions in conflict will automatically change to conform to the law. If any statute

requires more time to notify US of a LOSS, or to start any legal action, the Coverage Part is changed to agree with the shortest time period permitted by statute.

PARTICIPATION – YOU will be entitled to participate in the distribution of policy dividends as authorized by OUR Board of Directors from time to time.

UNICOVER COVERAGE PART 300
AUTO PHYSICAL DAMAGE

INSURING AGREEMENT – WE will pay for LOSS of or to a COVERED AUTO from any cause, except as excluded or as stated otherwise in the declarations.

DEFINITIONS – When used in this Coverage Part:

"AUTO" means any type of land motor vehicle, (whether crated or not) trailer or semi-trailer, farm tractor or implement, each including its equipment and other equipment permanently attached to it.

"COLLISION" means (1) impact of a COVERED AUTO with another object or with a vehicle to which it is attached, or (2) upset of the COVERED AUTO. COLLISION does not mean impact of a COVERED AUTO with a bird or animal.

"COMPREHENSIVE" means the perils defined in SPECIFIED PERILS and UNNAMED PERILS.

"COVERED AUTO" means an AUTO (1) owned by or acquired by YOU or (2) not owned by YOU but in YOUR care, custody, or control.

"CUSTOMER'S AUTO" means a COVERED AUTO not owned or acquired by YOU but in YOUR care, custody or

control for safekeeping, storage, service or repair. It also means the property of others within the CUSTOMER'S AUTO when LOSS is caused by COLLISION.

"DEMONSTRATOR-COMPANY AUTO" means a COVERED AUTO shown on YOUR records as a demonstrator or company AUTO and (1) used in YOUR sales operation, or (2) furnished for the regular use of anyone.

"LOSS" means direct and accidental physical loss or damage, occurring during the Coverage Part period. LOSS, with respect to TRICK AND DEVICE, also means arising out of all transactions with any one individual, partnership, corporation, group of individuals or ring.

"NEW PRIVATE PASSENGER" and "NEW TRUCK" means a COVERED AUTO owned by or consigned to YOU and held for sale, not previously owned, titled or registered, and not used for any purpose other than road-testing.

"SERVICE AUTO" means a COVERED AUTO shown on YOUR records as a service vehicle, and used in YOUR service operations.

"SPECIFIED PERILS" means (1) fire, lightning, smoke or smudge due to fire, (2) stranding, sinking, burning, or derailment of any conveyance transporting the COVERED AUTO, (3) theft or larceny, (4) windstorm, hail, earthquake, explosion, riot or civil commotion, the forced landing of any aircraft or its parts, (5) flood or rising waters, external discharge or leakage of waters except LOSS resulting from snow, rain, or sleet (whether or not wind-driven), (6) malicious mischief or vandalism, or (7)

LOSS caused by a servicing hoist designed to raise an entire AUTO.

"TRICK AND DEVICE" means (1) theft or larceny caused by YOUR voluntarily parting with evidence of title to or possession of a COVERED AUTO, or (2) YOUR acquiring an AUTO from a seller who did not have legal ownership, in either event when YOU are induced to do so by any criminal scheme, criminal trick, criminal device, or criminal false pretense. TRICK AND DEVICE also means criminal conversion or criminal secretion of a COVERED AUTO after YOU have voluntarily parted with possession of it.

"UNNAMED PERILS" means all causes of LOSS not defined in COLLISION, SPECIFIED PERILS, or TRICK AND DEVICE.

"USED PRIVATE PASSENGER" and "USED TRUCKS" means all COVERED AUTOS owned or acquired by YOU and held for sale by YOU and not otherwise defined in this Coverage Part.

EXCLUSIONS – WE will not pay for LOSS:

(a) while the AUTO is being used as a public or livery conveyance, or in any illicit trade or transportation;

(b) due to WAR;

(c) due and confined to faulty work performed, defective parts or materials, wear, tear, freezing, mechanical or electrical breakdown or failure;

(d) when the evidence of ownership of an AUTO is fraudulent solely because of an undisclosed lien;

(e) due to confiscation by duly constituted governmental or civil authority;

(f) due to radioactive contamination or the explosion of a nuclear weapon or device or their consequences;

(g) caused by any dishonest, fraudulent, criminal, or intentional act committed by YOU or YOUR stockholders, partners, officers, employees, agents, or other party in interest;

(h) while the COVERED AUTO is operated in, or in practice or preparation for, any prearranged or organized race, rally, speed, demolition, or competitive contest, or in any stunting activity;

(i) by theft, larceny, conversion, or secretion when YOU voluntarily part with evidence of title to or possession of a COVERED AUTO, except by TRICK AND DEVICE;

(j) to a COVERED AUTO leased or rented to others. This exclusion does not apply:

(1) to YOUR salesman for use principally in YOUR AUTO business;

(2) to YOUR customers for a period of two months or less when:

(i) it temporarily replaces the CUSTOMER'S AUTO; or

(ii) the customer is awaiting delivery of an AUTO purchased from YOU;

(k) to an AUTO owned by, leased or rented to YOUR employee or members of their household. This exclusion does not apply:

(1) if their AUTO is being serviced or repaired by YOU under a written agreement, or

(2) to a COVERED AUTO leased or rented to YOUR salesman for use principally in YOUR AUTO business;

(l) due to loss of use caused by delay of service or repair, defective parts or faulty work performed;

(m) from any unexplained cause;

(n) to any device or instrument designed (1) for recording and/or reproducing sound, (2) as a scanning monitor or radar detector, (3) Citizen's Band radio, two way mobile radio or telephone, including its accessories or antennas. This exclusion does not apply to any such equipment permanently installed in the dash or console opening normally used by the AUTO manufacturer for installation of a radio, or to any antenna permanently attached to the AUTO.

YOU MUST REPORT – Within 30 days after the end of each calendar month, YOU must report the cost of all AUTOS owned by or consigned to YOU as of the last business day of that month.

THE MOST WE WILL PAY – Regardless of the number of AUTOS insured, the most WE will pay for any one LOSS to COVERED AUTOS is the least of the following:

(a) the total cost of all COVERED AUTOS;

(b) with respect to COVERED AUTOS owned by or consigned to YOU, the percentage the last report of AUTO values (received by US prior to the LOSS) bears to the cost of all such AUTOS that YOU should have reported;

(c) from TRICK AND DEVICE, the limit stated in the declarations for that peril;

(d) for property of others, as defined in CUSTOMER'S AUTOS, up to $5,000;

(e) from all other causes of LOSS, the limit stated in the declarations.

WE WILL ALSO PAY – In addition to payments in THE MOST WE WILL PAY provision, WE will also pay:

(a) up to $20 a day, but not for more than $600, for incurred loss of use of a CUSTOMER'S AUTO, DEMONSTRATOR-COMPANY AUTO, or SERVICE AUTO;

(b) all ordinary and necessary expenses to return a stolen COVERED AUTO to YOU;

HOW WE WILL PAY – At OUR option, WE will pay for, repair, or replace the damaged or stolen COVERED AUTO or will require YOU to replace, repair, or sublet repairs to such COVERED AUTO.

When YOU replace a COVERED AUTO, it will be at YOUR actual cost, exclusive of YOUR profit, holdback, or overhead expenses. When repairs are made to the COVERED AUTO, the most WE will pay is 65% of the retail charges on parts, materials, and labor unless stated otherwise in the declarations.

From the amount of LOSS, as determined above, WE will subtract the applicable deductible shown in the declarations.

Before payment of the LOSS, WE may take all or any part of the salvage at the agreed or appraised value. There will be no abandonment to US.

YOUR DUTIES AFTER LOSS – YOU must:

(a) protect the COVERED AUTO whether or not this insurance applies. Any further LOSS due to YOUR failure to do so will not be covered by this policy. WE will pay all reasonable expenses YOU incur for such protection;

(b) notify US as soon as possible. If an AUTO is stolen, notify the police and, if a TRICK AND DEVICE, also obtain a warrant for the arrest of person(s) procuring the evidence of title to or possession of the COVERED AUTO;

(c) permit US to inspect the damaged COVERED AUTO prior to its repair or replacement, and submit to US a sworn proof of LOSS within 60 days;

(d) cooperate and assist US in the investigation, settlement, defense, enforcement of contribution or indemnification of any LOSS.

You may not, except at YOUR expense, make any offer or payment, assume any obligation or incur any expenses unless otherwise permitted in this Coverage Part.

DAMAGED AUTO – When the COVERED AUTO is damaged, whether or not such damage is covered by this Coverage Part, OUR liability is reduced by the amount of such damage until repairs have been completed.

NO BENEFIT TO BAILEE – This insurance will not benefit, directly or indirectly, any carrier or bailee.

OTHER INSURANCE – This insurance is primary over any other insurance except when the COVERED AUTO is in the care, custody, or control of any person or organization, other than YOU, a member of YOUR household,

YOUR partner, director, stockholder, executive officer, or paid employee or a member of the household of any of them.

POLICY TERRITORY – This insurance covers anywhere in the United States of America, its territories or possessions, or Canada.

UNICOVER COVERAGE PART 330 PROPERTY

INSURING AGREEMENT-WE will pay for LOSS to the property scheduled at the LOCATIONS designated in the declarations from any cause, except as excluded or as stated otherwise in the declarations.

DEFINITIONS-When used in this Coverage Part:

"ACTUAL CASH VALUE" means, with respect to:

(a) BUILDING or EQUIPMENT, its replacement cost less actual (not tax) depreciation;

(b) STOCK, the amount YOU paid to acquire the property;

(c) Property of Others, only the amount for which YOU are legally liable, but not more than its actual cash value at the time of LOSS;

(d) Records-the cost of blank books, cards, tapes, wires, and other blank materials;

(e) IMPROVEMENTS AND BETTERMENTS, the actual cost of the repairs or replacement, if YOU repair or replace the damaged property at YOUR own expense within a reasonable time after the LOSS. If YOU do not repair or replace within a reasonable time, ACTUAL CASH VALUE will be determined by multiplying the original cost

of the improvement or betterment by the unused portion of YOUR lease. The unused portion is the percentage relationship between the amount of time left on YOUR lease at the time of LOSS and the amount of time left on YOUR lease when YOU made the improvement.

"AUTO" means any type of land motor vehicle, (whether crated or not), trailer or semi-trailer, farm tractor or implement, each including its equipment and other equipment permanently attached to it.

"BUILDING" means the structure at the LOCATIONS shown in the declarations. It includes machinery, equipment, materials, and supplies, necessary for its service or maintenance (if owned by YOU or in YOUR care, custody, or control) and attached to, inside of, or within 50 feet of the structure. It also means fences, signs, and light posts, owned by YOU and within 1,000 feet of the structure.

"CONTENTS" means STOCK and EQUIPMENT.

"EMPLOYEE TOOLS" means tools owned by YOUR employees while used in YOUR business or when in YOUR BUILDING.

"EQUIPMENT" means furniture, fixtures, machinery, equipment, fences, light posts, signs, materials, and supplies used in the conduct of YOUR business, either owned by YOU or for which YOU are legally liable. If YOU do not own the BUILDING in which the EQUIPMENT is contained, it also includes IMPROVEMENTS and BETTERMENTS. EQUIPMENT does not include property as defined in AUTOS, BUILDING, EMPLOYEE TOOLS, or STOCK.

"GARAGE OPERATIONS" means the ownership, maintenance, or use of that portion of any premises where YOU conduct YOUR AUTO business, and all other operations necessary or incidental thereto.

"IMPROVEMENTS AND BETTERMENTS" mean (1) YOUR use interest in changes (other than maintenance) YOU made in a BUILDING not owned by YOU which enhances its value, or (2) a BUILDING YOU have not otherwise insured that is situated on land YOU lease, but in either event not removable by YOU.

"LOCATION" means the premises scheduled in the declarations, including any insured STOCK (except watercraft) or EQUIPMENT in the open within 1,000 feet.

"LOSS" means direct physical loss or damage, in excess of the deductible amount stated in the declarations, occurring during the Coverage Part period.

"SPECIFIED PERILS" means LOSS caused by fire, lightning, smoke, explosion, windstorm, hail, vandalism, malicious mischief, riot, civil commotion, accidental sprinkler leakage or discharge, aircraft or its falling parts, removal of covered property from LOCATIONS endangered by an insured peril. It also means actual physical contact of an AUTO with the insured property unless it is an AUTO (1) owned by YOU, (2) operated by YOU or any of YOUR partners, officers, directors, stockholders, employees, agents or YOUR tenants, or (3) that damages fences, driveways, walks or lawns.

"STOCK" means goods or products, either owned by YOU or for which YOU are legally liable. It also means

parts and materials YOU have installed in YOUR customer's AUTOS, if LOSS occurs before YOU relinquish possession of the AUTO to the customer. "STOCK" does not include property as defined in AUTOS, EMPLOYEE TOOLS, or EQUIPMENT.

"UNNAMED PERILS" means all causes of LOSS not defined in SPECIFIED PERILS.

EXCLUSIONS-PERILS-WE will not pay for LOSS caused by, resulting from, contributed to or aggravated by:

(a) theft or larceny caused by YOUR voluntarily parting with evidence of ownership or possession of the insured property, when YOU are induced to do so by any criminal scheme, criminal trick, criminal device, or criminal false pretense;

(b) any dishonest, fraudulent, criminal or intentional act committed by (1) YOU or any of YOUR partners, executive officers, employees, stockholders, agents, other party in interest, (2) any person or organization to whom YOU entrust the property;

(c) confiscation by duly constituted governmental or civil authority, or due to any legal proceedings;

(d) radioactive contamination or the explosion of a nuclear weapon or device, or their consequences;

(e) wear or tear, shrinkage, evaporation, gradual deterioration, rust corrosion, change of weight, leakage of contents, inherent vice, latent defect, mechanical breakdown or derangement;

(f) interruption of business, delay, reduction of market or use;

(g) insects or vermin, dampness or dryness of atmosphere, extremes or changes in temperature, interruption of heating, refrigeration or cooling;

(h) marring or scratching of property in the open, exposure to light, contamination, change in color, flavor, texture or finish. This exclusion does not apply to LOSS caused by a SPECIFIED PERIL;

(i) animals, birds, mould, wet or dry rot; smog, smoke, vapor or gas from agricultural or industrial operations; settling, cracking, shrinkage, bulging or expansion of pavements, foundations, walls, floors, roofs, or ceilings. This exclusion does not apply to LOSS caused by fire or lightning;

(j) due and confined to faulty workmanship or materials in making alterations, repairs, or installations;

(k) earth movement, including but not limited to earthquake, volcanic eruption, landslide, mudflow, earth sinking, rising, or shifting. If fire or explosion follows, WE will pay only for the LOSS by fire or explosion. This exclusion does not apply to property in transit;

(l) consequential LOSS of any nature, any unexplained or mysterious disappearance, or shortage disclosed by the taking of an inventory;

(m) electrical injury, disturbance, or arcing to electrical appliances, devices, fixtures, or wiring caused by artificially generated electrical currents. If fire or explosion follows, WE will pay only for the LOSS by fire or explosion.

(n) flood, surface water, waves, tidal wave or water, overflow of streams or other bodies of water, or spray

from any of them whether or not driven by wind; water that backs up through sewers or drains, underground water that exerts pressure on, flows, seeps or leaks through sidewalks, driveways, foundations, walls, basement and other floors, or through doors, windows, or any opening in any of them. If fire or explosion follows, WE will pay only for the LOSS by fire or explosion;

(o) rain, snow or sleet to property in the open. This exclusion does not apply to BUILDINGS or YOUR property in the custody of a carrier for hire;

(p) WAR;

(q) explosion, rupture, or bursting of any of the following if they are owned by or leased to YOU or operated under YOUR control;

(1) water pipes, pressure relief devices, boilers or other equipment for heating water;

(2) rotating or moving parts of machinery by centrifugal force or mechanical breakdown;

(3) steam boilers, steam pipes, steam turbines, or steam engines;

WE will pay for LOSS by any fire or explosion that follows.

Part (3) does not apply to the explosion of accumulated gas or unconsumed fuel in the firebox or combustion chamber of a fired furnace, or in the flues or passages leading from it.

(r) enforcement of any local or state ordinance or law regulating:

(1) any cost of demolition or clearing the site of undamaged portion of the BUILDING;

(2) any greater cost of repair, construction, or reconstruction.

EXCLUSIONS-PROPERTY-WE will not pay for LOSS to:

(a) AUTOS, aircraft, animals, growing crops;

(b) growing plants, other than those used to decorate the interior of a BUILDING;

(c) plumbing, heating, air conditioning or fire protective systems or other similar equipment or appliances (or for leakage or overflow of any of them) caused by or resulting from freezing while the BUILDING(S) is vacant or unoccupied. This exclusion does not apply if YOU do everything YOU can to keep the BUILDING heated or water bearing systems have been drained and the water supply shut off;

(d) coins, currency, notes, securities, stamps, accounts, bills, evidences of debt, letters of credit, passports, tickets;

(e) watercraft (1) over 35 feet in length; or (2) when used for non-business purposes;

(f) valuable papers, deeds, abstracts of deeds, and documents of any kind. This exclusion does not apply to books of records, manuscripts, drawings, card index systems or other records;

(g) gold, silver, platinum, and other precious metals and alloys (or any objects made of or containing any of them), or bullion; furs, jewels, jewelry, watches, pearls, precious or semi-precious stones; wearing apparel or personal effects;

(h) property YOU sold on an installment or other deferred payment basis, after it has been delivered to the customer;

(i) glassware, statuary, bric-a-brac, marble, porcelain, ceramics, any other fragile or brittle property. This exclusion does not apply to LOSS caused by the SPECIFIED PERILS, other than vandalism or malicious mischief;

(j) radio or television antenna or tower over 25 feet in height from the ground or surface where it is anchored;

(k) fences, pavements, swimming pools and related equipment, retaining walls, bulkheads, piers, wharves, or docks, if LOSS is caused by freezing or thawing, impact of watercraft, or by pressure or weight of ice or water, even if driven by wind;

(l) property, other than BUILDINGS, YOU rent or lease to others, once they have custody of the property;

(m) interior of a BUILDING if LOSS is caused by rain, snow, sand, or dust, even if wind driven. This exclusion does not apply if it comes through an opening in the roof or walls caused by vehicle, a SPECIFIED PERIL, or collapse of the roof by weight of ice or snow on it;

(n) property once it reaches the Post Office;

(o) rents or rental value of any property;

(p) overhead charges or prospective profits of any kind;

(q) BUILDINGS in process of demolition or moving;

(r) a BUILDING that has been vacant or unoccupied over sixty consecutive days. This exclusion does not

apply if the BUILDING is described in Item 2 of the declarations as "vacant" or "unoccupied".

YOU MUST REPORT-Within 30 days after the end of each calendar month, YOU must report the ACTUAL CASH VALUE of all property (indicated in the declarations as "RPTD") as of the last business day of that month.

THE MOST WE WILL PAY-LOSS payment will not reduce the amount of insurance under this coverage Part. The most WE will pay for any one LOSS, to the property at the LOCATIONS scheduled in the declarations, is the least of the following:

(a) the ACTUAL CASH VALUE of repairs to the property with like kind and quality;

(b) the ACTUAL CASH VALUE of replacement for the property with like kind and quality;

(c) if the property is to be reported, the percentage the last report (received by US prior to the LOSS) bears to the ACTUAL CASH VALUE of such property that should have been reported;

(d) if WE have not received YOUR first report, when due, 75% of the limit stated in the declarations for the property at the LOCATION;

(e) if the property is subject to a coinsurance percentage, as shown in the declarations, LOSS will be determined by the Coinsurance Condition of this Coverage Part;

(f) the limit stated in the declarations for the LOCATION.

Regardless of the value reported by YOU, LOSS cannot exceed the limit for such property as stated in the declarations.

COINSURANCE-WE will determine the ACTUAL CASH VALUE of the insured property at the time of LOSS, multiply it by the coinsurance percentage (shown in the declarations for the property) to obtain the "proper amount" of insurance YOU should have purchased. WE will divide the limit for the property by the "proper amount" to obtain the "recovery ratio". WE will multiply the LOSS by the "recovery ratio" to determine the amount payable.

If the LOSS is less than 2% of the total amount of insurance YOU have on the damaged property, WE will not require an inventory of the undamaged property to establish the ACTUAL CASH VALUE of the insured property. This will not waive the application of this Condition.

DEDUCTIBLES-If YOU have a LOSS that involves more than one peril insured, BUILDING, LOCATION, or item of property, WE will apply one deductible to the LOSS. That deductible will be the largest one applicable to the LOSS.

DEBRIS REMOVAL-WE will pay the cost of removing debris following a LOSS. WE will not pay more than the applicable limit, as stated in the declarations, for the entire LOSS including the cost of debris removal. The cost of removal will not be included in determining the ACTUAL CASH VALUE under the Coinsurance Condition.

Special LIMITS APPLICATIONS-YOU can use part of the limits stated in the declarations to cover similar property. This special extension is a part of and not in addition to those limits. YOU can use:

If BUILDING(S) is insured:

(a) up to 25% of the total limits for all insured BUILDINGS, but not for more than $100,000, to apply to:

(1) materials and supplies used in making alterations or additions to BUILDING(S) scheduled in the declarations. This extension applies only to LOSS caused by a SPECIFIED PERIL;

(2) BUILDING(S) purchased, rented, or leased by YOU for use in YOUR GARAGE OPERATIONS. If YOU are not required to insure the rented or leased BUILDING, this extension provides only coverage as afforded by Endorsement No. 020.

YOU must tell US within 60 days of the purchase, rental, lease, or start of alterations or additions, and pay premiums due from the first day. Failure to do either will nullify this extension.

(b) up to $2,500 for trees, shrubs, lawns, or growing plants used for outside decoration at the LOCATIONS insured. This extension is limited to $250 per tree, shrub, or growing plant. Exclusion (b) of EXCLUSIONS-PROPERTY does not apply to this extension.

If BUILDING OR CONTENTS are insured:

Up to $250 for YOUR liability for fire department service charges made by a city, municipality, or fire protection district to respond to a fire at or exposing YOUR LOCATION which is outside their limits. This extension applies only to the service charge, not to any liability for injury to any person or property from any cause.

If CONTENTS, STOCK, or EQUIPMENT are insured:

(a) up to 10% of the total limits for such insured property, but not for more than $50,000, to apply to such property in BUILDING(S) YOU purchase, rent, or lease for use in YOUR GARAGE OPERATIONS;

(b) up to 10% of the limit for such insured property of the LOCATION, but not for more than $10,000, to apply to damage to the BUILDING at the LOCATION caused by thieves. This extension applies only if YOU do not own the BUILDING and are legally liable for such LOSS.

You must tell US within 60 days from the date YOU place the property in the BUILDING(S), and pay premiums due from the first day. Failure to do either will nullify this extension.

If CONTENTS or EQUIPMENT is insured:

(a) up to $10,000 on EQUIPMENT rented by YOU to others. Exclusion (l) of EXCLUSIONS-PROPERTY does not apply to this extension;

(b) up to $2,500 on personal property owned by YOU or any of YOUR partners, officers, or employees used to decorate or service the

LOCATION. This extension is limited to $250 per person per LOSS;

(c) up to $2,500 on valuable papers, deeds, abstracts, books, maps, films, or mortgages. Exclusion (f) of EXCLUSIONS-PROPERTY does not apply to this extension;

(d) up to 10% of the total limits for such insured property, but not for more than $10,000, to apply to EMPLOYEE TOOLS. This extension is subject to the following:

(1) this extension does not apply if EMPLOYEE TOOLS is an item of property already insured at any LOCATION;

(2) only the SPECIFIED PERILS apply;

(3) coverage is limited to $500 per employee per LOSS.

The Coinsurance Condition of this Coverage Part does not apply to these extensions.

WE WILL ALSO PAY-In addition to the limits stated in the declarations of CONTENTS, STOCK, or EQUIPMENT, WE will also pay up to $25,000 for LOSS to such property:

(a) while in transit; or

(b) within the Policy Territory of this Coverage Part at premises not owned, rented, leased or controlled by YOU.

HOW WE WILL PAY-At OUR option, WE will pay for, repair, or replace the damaged or destroyed property. WE will advise YOU of OUR option within 30 days after WE receive YOUR sworn proof of LOSS. Before payment of LOSS, WE may take all or any part of the salvage at the agreed or appraised value. There will be no abandonment

to US. Once the amount of LOSS payment is determined, WE will pay either YOU or the owner of the property within 60 days of OUR receipt of YOUR sworn proof of LOSS.

YOUR DUTIES AFTER LOSS-YOU must:

(a) protect the property whether or not this insurance applies. Any further LOSS due to YOUR failure to do so will not be covered by this insurance. WE will pay all reasonable expenses YOU incur for such protection;

(b) notify US as soon as possible. If LOSS is caused by theft or burglary, also notify the police;

(c) permit US to inspect the damaged property prior to its repair or replacement, and submit to US a sworn proof of LOSS within 60 days;

(d) cooperate and assist US in the investigation, settlement, defense, enforcement of contribution or indemnification of any LOSS. YOU may not, except at YOUR expense, make any offer or payment, assume any obligation or incur any expenses unless otherwise permitted by this Coverage Part.

WAIVER OF SUBROGATION-YOU must protect YOUR right of recovery against others, but YOU can:

(a) give others a written release from any responsibility for LOSS to the property, if the release is given prior to the LOSS;

(b) accept the usual documents from a shipper, even if they limit the carrier's liability for LOSS.

NO BENEFIT TO BAILEE-This insurance will not benefit, directly or indirectly, any carrier or bailee.

POLICY TERRITORY-This insurance covers anywhere in the United States of AMERICA, its territories or possessions, or Canada. With respect to watercraft, this insurance also covers while the watercraft is afloat within six nautical miles from the coastal shoreline of the 48 contiguous United States, the District of Columbia, or Canada.

UNICOVER COVERAGE PART 380
CRIME

INSURING AGREEMENT – WE will pay for LOSS as defined as follows:

EMPLOYEE DISHONESTY – WE will pay for LOSS of MONEY, SECURITIES, and other property which YOU sustain resulting directly from any fraudulent or dishonest act committed by an EMPLOYEE with manifest intent to:

(a) cause YOU to sustain such a LOSS, and;

(b) obtain financial benefit for the EMPLOYEE, or any other person or organization intended by the EMPLOYEE to receive such benefit other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions, and other EMPLOYEE benefits earned in the normal course of employment.

LOSS FROM WITHIN THE BUILDING – WE will pay for LOSS:

(a) of MONEY and SECURITIES by the actual destruction, disappearance, or wrongful removal from the BUILDING or any BANK;

(b) of other property by SAFE BURGLARY, ROBBERY from the BUILDING or attempt thereat;

(c) to a locked cash drawer, cash box or cash register by illegal entry into such container within the BUILDING, wrongful removal of such container from the BUILDING or an attempt thereat of either;

(d) for damage to the BUILDING caused by (a) (b) or (c) if YOU are the owner or are liable for the damage.

LOSS OUTSIDE THE BUILDING – WE will pay for LOSS of the following:

(a) MONEY and SECURITIES by the actual destruction, disappearance or wrongful taking while being conveyed outside the BUILDING by a MESSENGER, including while within the home of any MESSENGER;

(b) other property by ROBBERY, or attempt thereat, while being conveyed outside the BUILDING by a MESSENGER, including by theft within the home of any MESSENGER.

MONEY ORDERS AND COUNTERFEIT PAPER CURRENCY – WE will pay for LOSS:

(a) if YOU accept, in good faith, in exchange for merchandise, MONEY, or services, any money order issued or alleged to have been issued by any Post Office or express company, if such money order is not paid when presented;

(b) due to YOUR acceptance, in good faith, in the regular course of business, counterfeit United States or Canadian currency.

DEPOSITOR'S FORGERY – WE will pay for LOSS, in excess of the deductible stated in the declarations, which YOU or the BANK included in YOUR proof of LOSS and

that carries YOUR checking or savings account(s), sustains due to forgery or alteration of a negotiable instrument:

(a) made or drawn upon YOU, or by YOU or anyone acting as YOUR agent;

(b) purported to have been made or drawn as stated in (a) above.

WE will pay only YOU, unless YOU are fully reimbursed by the BANK; then, WE will pay the BANK.

If YOU or the BANK are sued by another to enforce payment of such an instrument, believed by YOU or the BANK to be forged or altered, WE will at OUR option, pay for reasonable attorney's fees, court costs, or similar legal expenses incurred and paid by YOU or the BANK. These expenses will not increase the limit shown in the declarations.

EXTORTION – WE will pay for LOSS, away from the BUILDING, due to the surrender of MONEY, SECURITIES, or other property as a result of a threat communicated to YOU to do bodily harm to YOU, or any of YOUR directors, trustees, executive officers, partners, EMPLOYEES or a relative or invitee of any of them who is or allegedly is being held captive.

Before such property is surrendered, the person receiving the threat must make a reasonable effort to report the extortionist's demands to an associate, the Federal Bureau of Investigation, and local law enforcement authorities.

DEFINITIONS – When used in this Coverage Part:

"BANK" means the interior of any building occupied by a banking institution for conducting its business, or any similar recognized place of safe deposit.

"BUILDING" means the interior of any structure shown in the declarations as applicable to this Coverage Part.

"CUSTODIAN" means any person in YOUR regular service authorized to have care and custody of YOUR property within the BUILDING.

"EMPLOYEE" means an individual while employed by YOU (and under EMPLOYEE DISHONESTY and DEPOSITOR'S FORGERY, 30 days thereafter) during the Coverage Part period while in YOUR regular service and in the ordinary course of YOUR business, and who is paid a salary, wage, or commission. EMPLOYEE does not mean anyone:

(1) YOU do not control or direct as to details and means by which the result is accomplished; or

(2) who owns the majority of stock or an amount equal to the largest amount owned by any other stockholder; or

(3) who is corporate director or trustee not performing the duties of an EMPLOYEE; or

(4) relatives of any partner, proprietor or person defined in (2) above; or

(5) outside the Policy Territory.

"LOSS" means loss or damage as defined in the Insuring Agreement.

"MESSENGER" means any person who is duly authorized by YOU to have care and custody of YOUR property outside the BUILDING.

"MONEY" means currency, coins, bank notes, bullion, travelers checks, register checks and money orders held for sale to the public.

"ROBBERY" means the felonious taking of property (other than MONEY or SECURITIES) from a MESSENGER or CUSTODIAN or from their presence without their consent by actual or constructive force or from them if they are killed or rendered unconscious.

"SAFE BURGLARY" means the felonious taking of (1) a safe from the BUILDING, or (2) property (other than MONEY or SECURITIES) from within a vault or safe that is in the BUILDING and (a) equipped with a combination lock, (b) all doors are locked and all combinations locked, and (c) there is evidence of forcible entry into the safe or vault.

"SECURITIES" means instruments or contracts representing MONEY or other property including revenue and other stamps in current use, tokens, and tickets, but not MONEY.

EXCLUSIONS – WE will not pay for LOSS:

(a) under EMPLOYEE DISHONESTY or DEPOSITOR'S FORGERY, due to any fraudulent, dishonest or criminal act committed by or involving any owner, officer, partner, or their relatives. This exclusion does not apply, under EMPLOYEE DISHONESTY, to any officer who does not own the majority of stock or an amount equal to the largest amount owned by any other stockholder;

(b) under LOSS FROM WITHIN THE BUILDING and LOSS OUTSIDE the BUILDING, due to any fraudulent, dishonest, or criminal act committed by or involving an owner, officer, partner, director, trustee, EMPLOYEE, or authorized representative, whether working or not. This exclusion does not apply to SAFE BURGLARY or ROBBERY or attempts thereat by other than YOU or YOUR partner;

(c) of MONEY contained in any coin operated device or machine;

(d) due to (1) the giving or surrendering of MONEY or SECURITIES in any exchange or purchase, or (2) accounting or arithmetical errors or omissions;

(e) by fire. This exclusion does not apply to MONEY, SECURITIES, a safe or vault;

(f) due to radioactive contamination or the explosion of a nuclear weapon or device or their consequences;

(g) due to WAR;

(h) of manuscripts, books of accounts, or records;

(i) under EMPLOYEE DISHONESTY, to that part of any LOSS, dependent upon an inventory computation or a profit and loss computation;

(j) due to the surrender of MONEY, SECURITIES or other property away from the BUILDING as a result of a threat to do (1) bodily harm to any person or (2) damage to the BUILDING or property owned by YOU or in YOUR care, custody, or control. This exclusion does not apply under:

LOSS OUTSIDE THE BUILDING, while being conveyed by a MESSENGER when there was no knowledge by YOU of such a threat at the time such MONEY, SECURITIES, or other property was surrendered to the MESSENGER, or EXTORTION, with respect to bodily harm to any person;

(k) due to loss of use of the MONEY, SECURITIES, or other property, or for costs, fees or other expenses incurred by YOU in establishing the existence or amount of LOSS.

CONDITIONS APPLYING TO EMPLOYEE DISHONESTY and DEPOSITOR'S FORGERY ONLY:

1. DISCOVERY – LOSS is covered only if discovered not later than one year from the end of the Coverage Part period. Subject to Condition 3:

(a) EMPLOYEE DISHONESTY applies only to LOSS during the Coverage Part period caused by an EMPLOYEE while within the Policy Territory, or elsewhere for a limited period;

(b) DEPOSITOR'S FORGERY applies only to LOSS during the Coverage Part period.

2. JOINT INSURED – If YOU consists of more than one named person or organization, the first named will represent all of them for the purposes of this Coverage Part. Knowledge possessed or discovery made by any of them, or a partner or officer, will constitute knowledge possessed or discovery made by all of them with respect to Conditions 5, 6, and 12.

If insurance is cancelled as to any EMPLOYEE (as provided in Condition 12) the cancellation applies to all

named persons or organizations. If this Coverage Part or any Insuring Agreement is cancelled or terminated as to any person or organization included in YOU, LOSS will be covered for them only if discovered not later than one year from the date of the cancellation or termination.

OUR payment of LOSS to the first named person or organization constitutes payment to all named persons or organizations included in YOU. If the first named person or organization is no longer covered, the next named will become the first named.

3. LOSS UNDER PRIOR BOND OR POLICY – If EMPLOYEE DISHONESTY replaces a bond or policy carried by YOU (or YOUR predecessor in interest) that is no longer in effect, WE will pay for LOSS (subject to Condition 1) if LOSS would have been covered by the prior bond or policy except that the LOSS was not discovered in the Discovery Period of the prior bond or policy. Provided, however:

(a) this extension is part of and not in addition to the limit stated in the declarations for EMPLOYEE DISHONESTY;

(b) the LOSS would have been covered had this insurance been in effect when the act or event causing the LOSS took place;

(c) LOSS recovery is limited to the least of the following:

(1) the amount recoverable at the time coverage was replaced by this insurance had it been in force at the time the act or event took place;

(2) the amount recoverable if the prior bond or policy had continued in force until the discovery of the LOSS.

DEPOSITOR'S FORGERY will cover LOSS at any time prior to termination or cancellation of this insurance that would have been covered by any similar forgery insurance (except fidelity insurance) YOU (or YOUR predecessor in interest) carried, if the prior forgery insurance afforded the same coverage as this DEPOSITOR'S FORGERY. Provided, however:

(a) that YOU (or YOUR predecessor in interest) had continuous applicable forgery coverage from the date LOSS was sustained to the date this insurance replaced the prior forgery coverage;

(b) at the time the LOSS was discovered, the period of discovery in the prior forgery insurance had expired, and

(c) LOSS recovery is limited to the least of the following:

(1) the limit for DEPOSITOR'S FORGERY, or

(2) the limit of the prior forgery insurance at the time of LOSS.

4. OWNERSHIP-INTERESTS COVERED – The insured property may be owned by YOU, held by YOU (whether or not YOU are legally liable for LOSS) or may be property for which YOU are legally liable for LOSS.

5. PRIOR FRAUD, DISHONESTY, or CANCELLATION – EMPLOYEE DISHONESTY insurance does not apply to any EMPLOYEE:

(a) from the moment YOU or any of YOUR partners or officers (not in collusion with such EMPLOYEE) knows or hears of any fraudulent or dishonest act committed by the EMPLOYEE, whether or not in YOUR service at the time of the act;

(b) who has been cancelled, excluded, or deleted from any prior fidelity insurance and was not reinstated in such insurance before this insurance became effective.

6. YOUR DUTIES AFTER LOSS – When YOU learn of or discover a LOSS, or what YOU believe to be a LOSS, YOU must tell US as soon as possible and submit a sworn proof of LOSS to US within four months of the discovery of the LOSS. When WE request, YOU must file a brief statement giving the particulars of the LOSS even if the amount does not exceed the deductible stated in the declarations for the Insuring Agreement.

Under DEPOSITOR'S FORGERY, YOUR sworn proof of LOSS must include all instruments on which YOU base the claim. If YOU can't produce them, WE will accept an affidavit from YOU, or the BANK where deposited, stating the amount and cause of LOSS.

YOU must cooperate and assist US in the investigation and settlement of any claim or LOSS, permit US to inspect all pertinent records whenever and wherever WE require. When WE request, submit to examination by US, under oath and signed, if we require.

7. VALUATION – HOW WE WILL PAY – SECURITIES will be valued at their actual cash value at the close of the last business day before the LOSS was discovered. With respect to other property held by YOU as a pledge or

collateral on an advance or loan, the value will be the actual cash value of the property as determined by YOU at the time the advance or loan was made. If the value was not a part of YOUR records, then WE will pay the unpaid part of the advance or loan, plus accrued interest at legal rates.

WE may, with YOUR consent, settle any LOSS with the owner of the property. Any property for which WE have made indemnification will become OURS. AT OUR option, WE may pay for, repair, or replace the property.

The most WE will pay for property (other than SECURITIES) is the least of the following:

(a) the actual cash value at the time of LOSS;

(b) the actual cost to repair with like kind and quality;

(c) the actual cost to replace with like kind and quality.

8. RECOVERIES – If YOU sustain a LOSS which exceeds the limit, YOU are entitled to all recoveries (except those from suretyship, insurance, reinsurance, security or indemnification taken by or for OUR benefit) until YOU are fully reimbursed, less the expense of collecting them. Any remainder is OURS.

9. THE MOST WE WILL PAY – LOSS payment will not reduce OUR liability for other LOSSES. From the amount of LOSS, WE will deduct the net amount of all recoveries obtained or made by YOU (other than LOSS covered by any other bond or insurance) or US. If the net LOSS is in excess of the deductible stated in the declarations, and

regardless of the number of persons or organizations included in YOU, the most WE will pay:

(a) under EMPLOYEE DISHONESTY, is the limit stated in the declarations as applicable to a LOSS caused by one or more EMPLOYEES, or to all LOSS caused by one EMPLOYEE or in which the EMPLOYEE is concerned or implicated;

(b) under DEPOSITOR's FORGERY, is the limit stated in the declarations as applicable to all LOSS committed by any person or in which that person is concerned or implicated, regardless of the number of instruments forged or altered.

Regardless of the number of years this Coverage Part continues in force, the limit stated in the declarations is not cumulative from one period to another, or from one year to another.

10. THE MOST WE WILL PAY - OVERLAPPING INSURANCE - If a LOSS occurs partly during this Coverage Part period and partly in the discovery period of previous insurance WE issued to YOU (or YOUR predecessor in interest) that is no longer in effect, the most WE will pay for the total liability is the limit shown for the applicable Insuring Agreement or the limit of the prior insurance WE issued whichever is the largest. This will apply to LOSS caused by any person or EMPLOYEE or in which such person or EMPLOYEE is concerned or implicated, or which is chargeable to any EMPLOYEE as provided in Condition 13.

11. OTHER INSURANCE - This insurance is excess over any other insurance or indemnity covering the LOSS, except:

(a) if LOSS is covered by both DEPOSITOR's FORGERY and a fidelity bond or policy, DEPOSITOR'S FORGERY is primary;

(b) WE waive OUR right of contribution against any forgery insurance carried by any BANK indemnified by DEPOSITOR'S FORGERY.

12. CANCELLATION AS TO ANY EMPLOYEE – Coverage under EMPLOYEE DISHONESTY is canceled as to any EMPLOYEE:

(a) immediately upon discovery by YOU, or any partner or officer (not in collusion with the EMPLOYEE) of any fraudulent or dishonest act by such EMPLOYEE;

(b) as specified in any written notice of such cancellation WE send YOU in compliance with the General Conditions of this policy.

13. LOSS CAUSED BY UNIDENTIFIED EMPLOYEE – Coverage under EMPLOYEE DISHONESTY will apply (subject to Exclusion (i)) even if YOU cannot prove a specific EMPLOYEE(S) caused the LOSS. The evidence YOU submit, however, must reasonably prove the LOSS was caused by a fraudulent or dishonest act committed by an EMPLOYEE.

CONDITIONS APPLYING TO LOSS FROM WITHIN THE BUILDING, LOSS OUTSIDE THE BUILDING, MONEY ORDERS AND COUNTERFEIT PAPER CURRENCY, and EXTORTION ONLY:

14. OWNERSHIP-INTERESTS COVERED The insured property may be owned by YOU, held by YOU (whether

or not YOU are legally liable for LOSS) or may be property YOU are legally liable for LOSS. Provided, this insurance applies only to YOUR interest in the property, including YOUR liability to others, and does not apply to the interest of any other person or organization unless YOU include them in YOUR sworn proof of LOSS.

15. JOINT INSURED – If YOU consists of more than one named person or organization, the first named will represent all others for the purposes of this Coverage Part. Knowledge possessed or discovery made by any of them will constitute knowledge possessed or discovery made by all of them.

16. YOUR DUTIES AFTER LOSS – When YOU learn of or discover a LOSS, or what YOU believe to be a LOSS, YOU must tell US and the police as soon as possible and submit a sworn proof of LOSS to US within four months of the discovery of the LOSS.

YOU must cooperate and assist US in the investigation and settlement of any claim or LOSS, permit US to inspect all pertinent records whenever and wherever WE require. Also, furnish a complete inventory of all property not stolen or damaged. When WE request, YOU must submit to examination by US, under oath and signed if WE require.

17. OTHER INSURANCE – This insurance does not apply to any property (a) separately described or enumerated and specifically insured (in whole or in part) by other insurance, or (b) which YOU don't own or are legally liable for that has other insurance applicable. Otherwise, this insurance is excess over all other valid and collectible insurance.

18. NO BENEFIT TO BAILEE – This insurance will not benefit, directly or indirectly, any carrier or bailee.

CONDITIONS APPLYING TO LOSS FROM WITHIN THE BUILDING, LOSS OUTSIDE THE BUILDING, and MONEY ORDERS AND COUNTERFEIT PAPER CURRENCY ONLY:

19. THE MOST WE WILL PAY – HOW WE WILL PAY – The most WE will pay for LOSS is the least of the following:

(a) the actual cash value of the property at the time of LOSS;

(b) the actual cost to repair it with like kind and quality;

(c) the actual cost to replace it with like kind and quality;

(d) with respect to property held by YOU as a pledge or collateral on an advance or loan, the actual cash value of the property as determined by YOU at the time the advance or loan was made. If the value was not a part of YOUR records, then the unpaid part of the advance or loan, plus accrued interest at legal rates;

(e) with respect to LOSS FROM WITHIN THE BUILDING, $100 while MONEY or SECURITIES are not in a locked safe or vault when the BUILDING is closed for business;

(f) the limit stated in the declarations for the applicable Insuring Agreement.

At OUR option, WE may pay for, repair, or replace the property either with YOU or with the owner of the property. Any property replaced or paid for will become OUR

property. Any property recovered after payment of the LOSS will be applied to the expense of recovering it. Any remainder will be applied as if the LOSS had not been paid, and the LOSS readjusted accordingly. If YOU or WE recover any property, notice to the other must be made as soon as possible.

OUR limit will be reduced by the amount of LOSS until the BUILDING is restored to the same safe condition that existed just prior to the LOSS. This reduction of limit will not apply to any subsequent LOSS if YOU have a watchman in the BUILDING when you are not open for business, until the condition of the BUILDING is completely restored. OUR insurance will not be increased because the insurance applies to more than one person or organization.

20. SUPERSEDED INSURANCE – If YOU had continuous similar insurance that terminated with the beginning of this Coverage Part, LOSS (to the extent it is not insured by the prior insurance solely because of late discovery) will be deemed to have occurred on the first day of this Coverage Part period.

21. POLICY PERIOD – POLICY TERRITORY-DISCOVERY – LOSS is covered only if discovered not later than one year from the end of the Coverage Part period, and occurs during the Policy Period within the continental United States, Virgin Islands, Puerto Rico, or Canada.

CONDITIONS APPLYING TO EXTORTION ONLY –

22. THE MOST WE WILL PAY-HOW WE WILL PAY – From the amount of LOSS, WE will deduct the net amount of all recoveries obtained or made by YOU (other

than any LOSS covered by other insurance or bonds) or US. If the net amount is in excess of the deductible stated in the declarations, and regardless of the number of persons or organization included in YOU, the most WE will pay for LOSS in the least of the following:

(a) the actual cost to repair with like kind and quality:

(b) the actual cost to replace with like kind and quality;

(c) with respect to SECURITIES, their actual cash value at the close of the last business day before they were surrendered;

(d) with respect to other property, its actual cash value at the time it was surrendered;

(e) the limited [sic] stated in the declarations for EXTORTION.

LOSS Payment will not reduce OUR liability for other LOSSES. The limit stated in the declarations for this Insuring Agreement applies to all LOSS caused by acts of any person or in which that person is concerned or implicated.

At OUR option, WE may pay for, repair, or replace the property either with YOU or the owner of the property. Any property replaced or paid for will become OUR property. Any MONEY, SECURITIES, or other property recovered after payment of LOSS will be applied to the expense of recovering it. Any remainder will be applied as if the LOSS had not yet been paid, and the LOSS readjusted accordingly. If YOU or WE recover any property, notice to the other must be made as soon as possible.

23. POLICY PERIOD-POLICY TERRITORY-DISCOVERY – LOSS is covered only if the threat to do bodily harm is initially communicated to YOU during the Coverage Part period and the actual or alleged captivity takes place within the continental United States, Virgin Islands, Puerto Rico, or Canada.

UNICOVER COVERAGE PART 500
GARAGE INSURANCE

INSURING AGREEMENT – WE will pay all sums the INSURED legally must pay as damages (including punitive damages where insurable by law) because of INJURY to which this insurance applies caused by an OCCURRENCE arising out of GARAGE OPERATIONS or AUTO HAZARD.

WE have the right and duty to defend any suit asking for these damages. WE may investigate and settle any claim or suit WE consider appropriate. OUR payment of the limit shown in the declarations ends OUR duty to defend.

WE also have the right and duty to defend any suit asking for PRODUCT RELATED DAMAGES and LEGAL DAMAGES when such insurance is included in the declarations. WE may investigate any such suit, but settlement of such suits will be at YOUR option. All court costs and damages assessed against YOU will be at YOUR expense.

WE have no right or duty to defend suits for damages not covered by this Coverage Part.

DEFINITIONS – When used in this Coverage Part:

"ADMINISTRATION" means interpreting for or giving counsel to employees, handling records, effecting enrollment, termination or cancellations of employees, all

under YOUR employee benefits programs when such acts are authorized by YOU.

"AUTO" means a land motor vehicle, trailer or semi-trailer, other land equipment capable of moving under its own power, equipment for use with it, and animal drawn equipment.

"AUTO HAZARD" means the ownership, maintenance, or use of any AUTO YOU own or which is in YOUR care, custody or control and:

(1) used for the purpose of GARAGE OPERATIONS or

(2) used principally in GARAGE OPERATIONS with occasional use for other business or non-business purposes or

(3) furnished for the use of any person or organization.

"CUSTOMER'S AUTO" means an AUTO not owned by YOU but in YOUR care, custody or control for safekeeping, storage, service or repair.

"GARAGE OPERATIONS" means the ownership, maintenance or use of that portion of any premises where YOU conduct YOUR AUTO business and all other operations necessary or incidental thereto.

"HAULAWAY" means a conveyance designed solely for use in transporting four wheeled motor vehicles.

"INJURY"means with respect to:

Group 1 – bodily injury, sickness, disease or disability (including death resulting from any of these) or damage to or loss of use of tangible property;

Group 2 – mental anguish, mental injury, shock, discrimination or humiliation;

Group 3 – false arrest, false imprisonment, wrongful eviction, wrongful detention, malicious prosecution, libel, slander, defamation of character, invasion of rights of privacy or possession of personal property;

Group 4 – Plagiarism, piracy, copyright violation or false advertising in the course of or related to YOUR advertising, broadcasting or telecasting advertising;

Group 5 – claims made due to any negligent act, error or omission in the ADMINISTRATION of YOUR profit sharing, pension or employee stock subscription plans or YOUR group life, group accident and health, Worker's Compensation, unemployment, social security or disability benefits insurance.

"LEGAL DAMAGES" means any suit brought against YOU during the Coverage Part period by or on behalf of a customer arising out of GARAGE OPERATIONS because of an alleged violation of any federal, state or local odometer, truth-in-lending, truth-in-leasing or AUTO damage disclosure statute or law, other than as a result of an OCCURRENCE or as defined in PRODUCT RELATED DAMAGES.

"OCCURRENCE" means an accident, including continuous or repeated exposure to conditions, which results in INJURY during the Coverage Part period neither intended nor expected by the INSURED. All INJURY arising out of continuous or repeated exposure to substantially the same general conditions will be considered as arising out of one OCCURRENCE.

"PRODUCT" means the goods or products YOU make, sell, service, or repair in GARAGE OPERATIONS.

"PRODUCT RELATED DAMAGES" means any suit brought against YOU during the Coverage Part period by or on behalf of a customer arising out of the sale, service or repair of YOUR PRODUCT, other than as a direct result of an OCCURRENCE or as defined in LEGAL DAMAGES.

"WORK" means work YOU perform or work someone else performed for YOU.

WHO IS AN INSURED – With respect to GARAGE OPERATIONS, other than the AUTO HAZARD or INJURY as defined in Group 5:

1. YOU;

2. YOUR spouse, if YOU are a sole proprietorship;

3. Any of YOUR partners, paid employees, directors, executive officers, stockholders, while acting within the scope of their duties as such;

4. If YOU are a partnership or joint venture, any partner or member thereof, but only with respect to their liability as such.

With respect to the AUTO HAZARD:

1. YOU;

2. Any of YOUR partners, paid employees, directors, stockholders, executive officers, a member of their household or a member of YOUR household, while using an AUTO covered by this Coverage Part, or when legally responsible for its use. The actual use of the

AUTO must be by YOU or within the scope of YOUR permission;

3. Any other person or organization required by law to be an INSURED while using an AUTO covered by this Coverage Part within the scope of YOUR permission.

With respect to INJURY, as defined in Group 5:

1. YOU;

2. Any of YOUR partners, executive officers, directors, stockholders, or paid employees authorized by YOU to act in the ADMINISTRATION of YOUR Employee Benefits Programs.

With respect to PRODUCT RELATED DAMAGES and LEGAL DAMAGES, only YOU.

WHO IS NOT AN INSURED – With respect to the AUTO HAZARD, any INSURED (except YOU) with respect to an AUTO owned by them.

EXCLUSIONS – This insurance does not apply to:

(a) INJURY, PRODUCT RELATED DAMAGES or LEGAL DAMAGES, if caused by any dishonest, fraudulent, intentional or criminal act committed by any INSURED;

(b) any obligation for which an INSURED may be held liable under any Worker's Compensation or disability benefits law or under any similar law;

(c) any obligation of the INSURED to indemnify another for INJURY to the INSURED'S employee. This exclusion does not apply to a contract excepted in Exclusion (d)(1);

(d) liability assumed by any INSURED under any contract or agreement. This exclusion does not apply to:

(1) a written lease of premises, elevator maintenance agreement, or an easement or sidetrack agreement except in connection with construction or demolition operations on or adjacent to a railroad;

(2) any written contract or agreement in which YOU agree to indemnify or hold harmless any manufacturer, distributor or importer of AUTOS or watercraft with respect to YOUR negligent use, repair or servicing of AUTOS or watercraft;

(3) any other written contract or agreement (not applying to AUTOS or watercraft) in which YOU agree to indemnify or hold harmless any other person or organization with respect to YOUR negligent acts;

(e) any claim made or suit brought as a result of any extended warranty or mechanical breakdown agreement. This exclusion does not apply to bodily injury, sickness, disease, or disability (including death resulting from any of these) or damage to tangible property;

(f) INJURY, as defined in Group 1, to any employee of the INSURED arising out of and in the course of their employment by the INSURED. This exclusion does not apply;

(1) if the INJURY arises out of the operation or use of an AUTO by another employee;

(2) to domestic employees not entitled to Workers' Compensation benefits;

(g) INJURY arising out of YOUR business of serving, manufacturing, distributing or selling alcoholic beverages;

(h) INJURY arising out of the ownership, maintenance, use, loading or unloading of any;

(1) aircraft;

(2) AUTO, while:

(i) being used as a HAULAWAY;

(ii) operated in, or in practice or preparation for any prearranged or organized race, rally, speed, demolition, or competitive contest or stunting activity;

(iii) leased or rented to others, except to:

(1) YOUR salesman for use principally in GARAGE OPERATIONS and AUTO HAZARD;

(2) YOUR customers for a term of two months or less when it temporarily replaces the CUSTOMER'S AUTO or when the customer is awaiting delivery of an AUTO purchased from YOU;

(iv) being used as a taxi cab, bus, public livery vehicle, emergency ambulance, long haul public freight carrier or for carrying property for a charge;

(v) being used to transport explosives, gasoline, liquefied petroleum gas or other volatile petroleum products;

Exclusions (iv) and (v) do not apply when the excluded class or operation constitutes a minor and incidental part of GARAGE OPERATIONS.

(3) Watercraft:

(i) Over 35 feet in length;

(ii) when used for non-business purposes;

(iii) when rented or leased to others;

(iv) while afloat over six nautical miles from the coastal shoreline of the 48 contiguous United States, the District of Columbia, or Canada;

(i) INJURY to:

(1) personal property, including AUTOS, owned by, rented or leased to or in the care, custody or control of, or being transported by the INSURED;

(2) real property not owned by YOU, but rented to, leased to or in the care, custody or control of YOU, except when INJURY is caused by an AUTO operated by an INSURED;

(3) plate glass in buildings owned by, rented or leased to YOU or in YOUR care, custody or control;

(j) loss of use of property not physically damaged, if caused by:

(1) YOUR delay or failure in performing any agreement or contract;

(2) the failure of YOUR PRODUCT or YOUR WORK to meet the quality warranted or the level of performance represented;

(k) labor costs caused by improper WORK or defective parts to:

(1) the improper WORK;

(2) other WORK performed at the same time as the improper WORK or defective PRODUCT if the improper WORK or defective PRODUCTS are on a necessary or customary part of the other WORK;

(l) INJURY or PRODUCT RELATED DAMAGES claimed because of the recall of YOUR PRODUCTS or YOUR WORK, or other property of which they form a part, due to a known or suspected defect or deficiency they contain;

(m) INJURY caused by the dumping, discharge or escape of irritants, pollutants or contaminants. This exclusion does not apply if the discharge is sudden and accidental;

(n) INJURY caused by the discharge, release, or escape of any petroleum substance into or upon any body of water or water course, regardless of the nature of the discharge, release, or escape (whether accidental or not);

(o) INJURY, as defined in Groups 3 and 4, if the first injurious offense was committed prior to the Coverage Part period;

(p) INJURY, as defined in Group 4, if caused by:

(1) the unavailability of or an incorrect description of a PRODUCT advertised;

(2) a mistake in the advertised price;

(3) an alleged breach of contract or failure to pay for advertising activities;

(q) INJURY, as defined in Group 5, if caused by:

(1) failure of performance by any insurer;

(2) an INSURED'S failure to comply with any Worker's Compensation, unemployment insurance, Social Security or disability benefits law or similar laws;

(3) failure of investments or assets to perform as represented by an INSURED;

(4) advise given by an INSURED to an employee to participate or not to participate in stock subscription plans;

(5) failure of any Employee Benefits program, for any reason;

(6) the investment or non-investment of funds;

(7) violation of any responsibilities, obligations, or duties imposed upon fiduciaries by the Employee Retirement Income Security Act of 1974, its amendments, or by any common or statutory law of the United States or any state or jurisdiction therein;

(r) INJURY arising out of an INSURED'S activities as an insurance agent, broker or consultant;

(s) due to radioactive contamination or the explosion of a nuclear weapon or device or their consequences.

THE MOST WE WILL PAY– Regardless of the number of INSUREDS or AUTOS insured by this Coverage Part, persons or organizations, who sustain INJURY, claims made or suits brought, the most WE will pay is:

1. With respect to GARAGE OPERATIONS and AUTO HAZARD, the limit shown in the declarations for any one OCCURRENCE.

The portion of the limit applicable to persons or organizations required by law to be an

INSURED is only the amount (or amount in excess of any other insurance available to them) needed to comply with the minimum limits provision of such law in the jurisdiction where the OCCURRENCE takes place.

2. With respect to PRODUCT RELATED DAMAGES and LEGAL DAMAGES, $10,000 in defense costs for any one suit asking for such damages, but not for more than the limit shown in the declarations for the aggregate total of all such defense costs for these damages during the annual Coverage Part period.

DEDUCTIBLES – From the amounts payable under this Coverage Part, WE will deduct:

1. The deductible amount shown in the declarations for:

(a) INJURY to AUTOS arising out of YOUR WORK;

(b) INJURY to YOUR PRODUCT if caused by a defect existing in YOUR PRODUCT at the time possession was relinquished to the purchaser;

(c) INJURY to premises not owned by YOU but in YOUR care, custody or control;

(d) PRODUCT RELATED DAMAGES and LEGAL DAMAGES.

2. 25% of YOUR retail charges for labor, parts and materials when AUTOS are repaired by YOU.

3. $1,000 for any OCCURRENCE insured by INJURY as defined in INJURY Group 5.

WE WILL ALSO PAY – WE will pay for INJURY, in addition to OUR limit:

(a) all costs and expenses in defending an INSURED, and interest on any judgment that does not exceed OUR limit:

(b) premiums on appeal bonds or bonds to release property used to secure YOUR legal obligations, in a suit WE defend. Also, up to $250 for the cost of bail bonds required because of an OCCURRENCE, including related traffic law violations. WE do not have to furnish or secure these bonds;

(c) expenses YOU incur for first aid to anyone injured in an OCCURRENCE covered by this Coverage Part;

(d) up to $50 a day for loss of earnings (but not other income) because of attendance at hearings or trials at OUR request;

(e) other reasonable expenses incurred at OUR request.

INSURED'S DUTIES AFTER INJURY, OCCURRENCE, CLAIM OR SUIT – If there is an OCCURRENCE, the INSURED is sued, or claim is made against an INSURED:

1. Report this to US as soon as possible. Give US all the details YOU can, including where and how it happened, the names and address of persons involved, injured and any witnesses.

2. Promptly send US all documents, if any INSURED is sued or if claim is made against them;

3. Cooperate and assist US in the investigation, settlement, defense, enforcement of contribution

or indemnification. The INSURED may not, except at their own expense, make any offer or payment, assume any obligation or incur any expenses unless otherwise permitted in this Coverage Part.

OUT OF STATE EXTENSION – While an AUTO or watercraft insured by this Coverage Part is away from the state where YOU conduct GARAGE OPERATIONS, WE will:

1. increase this Coverage Part limits to meet those specified by any compulsory or financial responsibility law in the jurisdiction where the AUTO or watercraft is being used;

2. Provide the minimum amounts and types of other coverages, such as "No Fault", required of out-of-state AUTOS or watercraft by the jurisdiction where the AUTO or watercraft is being used.

WE will not pay anyone more than once for the same elements of INJURY because of these extensions.

OTHER INSURANCE – The insurance afforded by this Coverage Part is primary, except it is excess:

(1) for PRODUCT RELATED DAMAGES and LEGAL DAMAGES;

(2) for any person or organization who becomes an INSURED under this Coverage Part as required by law.

UNICOVER COVERAGE PART 900
BASIC AUTO INSURANCE

INSURING AGREEMENTS – WE will pay:

A. INJURY – all sums the INSURED legally must pay as damages (including punitive damages where insurable by law) because of INJURY to which this insurance applies, caused by an OCCURRENCE arising out of the ownership, maintenance, use, loading or unloading of an OWNED AUTO or TEMPORARY SUBSTITUTE AUTO.

WE have the right and duty to defend any suit asking for these damages. WE may investigate and settle any claim or suit WE consider appropriate. OUR payment of the limit shown in the declarations for this Coverage Part ends OUR duty to defend.

WE have no right or duty to defend suits for damages not covered by this Coverage Part.

B. MEDICAL PAYMENTS – all reasonable and necessary medical, dental, and funeral expenses (incurred within three years after the OCCURRENCE) to or for each person:

(1) who sustains INJURY caused by an OCCURRENCE while OCCUPYING an OWNED AUTO or TEMPORARY SUBSTITUTE AUTO being used by an INSURED;

(2) scheduled in the declarations pages (and residents of their household) who sustains INJURY caused by an OCCURRENCE while OCCUPYING or if struck by an AUTO other than a vehicle (a) operated on rails or crawler-treads, (b) while located for use as a residence or premises, or (c) which is a farm tractors [sic] or other equipment while off public roads.

C. PHYSICAL DAMAGE – for LOSS to an OWNED AUTO from any cause, except as excluded or as stated otherwise in the declarations.

DEFINITIONS – When used in this Coverage Part:

"AUTO" means any land motor vehicle, trailer or semi-trailer, designed for travel on public roads and includes its permanently attached equipment. "AUTO" does not include MOBILE EQUIPMENT.

"COLLISION" means (1) impact of the OWNED AUTO with another object (other than a bird or animal) or with a vehicle to which it is attached, or (2) upset of the OWNED AUTO.

"COMPREHENSIVE" means any cause of LOSS other than COLLISION.

"INJURY" means bodily injury, sickness, disease, or disability (including death resulting from any of these) or damage to or loss of use of tangible property.

"LEASE" means a written agreement for a term of 180 days or more wherein YOU are named as the lessee.

"LOSS" means direct and accidental loss or damage, including incurred loss of use, in excess of the deductible amount stated in the declarations, occurring during the Coverage Part period.

"MOBILE EQUIPMENT" means vehicles designed for use principally off public roads, those not required to be licensed, and AUTOS used solely on YOUR premises. It includes, but is not limited to, bulldozers, power shovels, rollers, graders, scrapers, and any other road construction repair equipment, farm machinery, cranes, forklifts,

pumps, generators, air compressors, drills, street sweepers, riggers, or vehicles used to provide mobility for any of these when permanently attached to the equipment.

"OCCUPYING" means being in, on, entering into, getting out or off of.

"OCCURRENCE" means an accident, including continuous or repeated exposure to conditions, which results in INJURY during the Coverage Part period neither intended nor expected by the INSURED. All INJURY arising out of continuous or repeated exposure to substantially the same general conditions will be considered as arising out of one OCCURRENCE.

"OWNED AUTO" means an AUTO YOU own or LEASE and is scheduled in the declarations, and any AUTO YOU purchase or LEASE as its replacement during the Coverage Part period. It also means any trailer designed for use with the type of AUTOS scheduled in the declarations. If WE insure all AUTOS YOU own or LEASE, additional AUTOS will be covered the day YOU purchase or LEASE them, if YOU notify US within the next 30 days.

"TEMPORARY SUBSTITUTE AUTO" means an AUTO YOU or a member of YOUR household do not own or LEASE, when it is used temporarily with the owner's permission to replace an OWNED AUTO which is out of service due to its repair, servicing, loss or destruction.

EXCLUSIONS –This insurance does not apply to:

(a) INJURY or LOSS caused by any dishonest, fraudulent, intentional, or criminal act committed by YOU,

YOUR stockholders, partners, employees, agents, other party in interest, or any other INSURED;

(b) liability assumed by any INSURED under contract or agreement;

(c) any obligation for which an INSURED may be held liable under any Worker's Compensation or disability benefits law or under any similar law;

(d) INJURY to any employee of the INSURED arising out of and in the course of their employment, or any obligation of the INSURED to indemnify another for INJURY to the INSURED'S employee. This exclusion does not apply to domestic employees not entitled to Worker's Compensation;

(e) under Insuring Agreement A, INJURY to property owned by, rented to, being transported by, or in the care, custody or control of the INSURED. This exclusion does not apply to a residence or private garage;

(f) INJURY or LOSS due to WAR;

(g) INJURY caused by the dumping, discharge, or escape of irritants, pollutants, or contaminants. This exclusion does not apply if the discharge is sudden and accidental;

(h) INJURY or LOSS arising out of the ownership, maintenance, use, loading or unloading of any AUTO while:

(1) operated in, or in practice or preparation for, any prearranged or organized race, rally, speed, demolition, or competitive contest or stunting activity;

(2) leased or rented to others;

(3) being used as a taxi cab, bus, public livery vehicle, emergency ambulance, long haul public freight carrier, or for carrying property for a charge;

(4) being used to transport explosives, gasoline, liquified petroleum gas, or other volatile petroleum products;

(i) under Insuring Agreement B, INJURY sustained while OCCUPYING or if struck by any AUTO YOU own or is furnished or available for YOUR regular use. This exclusion does not apply to an OWNED AUTO or a TEMPORARY SUBSTITUTE AUTO;

(j) under Insuring Agreement B, INJURY sustained while OCCUPYING or if struck by any AUTO owned by or furnished or available for use of any INSURED. This exclusion does not apply to YOU;

(k) INJURY or LOSS due to radioactive contamination, or the explosion of a nuclear weapon or device or their consequences;

(l) LOSS to tires due and confined to blowout, puncture, or other road hazards;

(m) LOSS due and confined to wear, tear, freezing, mechanical or electrical breakdown or failure;

(n) any device or instrument designed (1) for receiving and/or reproducing sound, (2) as a scanning monitor or radar detector, (3) as a Citizen's Band radio, two-way mobile radio or telephone, including their antennas and accessories. This exclusion does not apply to any such equipment permanently installed in the dash or console opening normally used by the AUTO manufacturer for

installation of a radio, or to any antenna permanently attached to the AUTO;

(o) LOSS due to confiscation by duly constituted governmental or civil authority;

(p) LOSS to a camper body designed to be mounted upon an AUTO and equipped as sleeping or living quarters. This exclusion does not apply if it is scheduled in the declarations.

WHO IS AN INSURED – With respect to this Coverage Part:

(1) YOU, including YOUR spouse if a resident of the same household;

(2) under Insuring Agreements A and B:

(a) YOUR partner or executive officer. If they are using a TEMPORARY SUBSTITUTE AUTO, it must be used in YOUR business;

(b) any other person using an OWNED AUTO or TEMPORARY SUBSTITUTE AUTO within the scope of YOUR permission, unless it is being loaded or unloaded. Only YOUR employee, a borrower, or a borrower's employee is an INSURED for loading and unloading;

(3) under Insuring Agreement A only, anyone else, but only as a result of their liability because of what an INSURED in (1) or (2) above does or fails to do.

WHO IS NOT AN INSURED – none of the following is an INSURED:

(1) The owner or lessor of an OWNED AUTO you LEASE. This does not apply if they are

named in the declarations as applicable to this Coverage Part;

(2) Any person engaged in the business of selling, repairing, servicing, storing or parking of AUTOS (including roadtesting and delivery) unless the person is YOU, a resident of YOUR household, or YOUR partner, executive officer, agent, or employee or a resident of the household of any of them.

THE MOST WE WILL PAY –

Under Insuring Agreement A – Regardless of the number of INSUREDS or AUTOS insured by this Coverage Part, persons or organizations who sustain INJURY, claims made or suits brought, the most WE will pay is the applicable limit shown in the declarations for any one OCCURRENCE.

Under Insuring Agreement B – The most WE will pay is the applicable limit as shown in the declarations. Any payment made under this agreement will be reduced by the amount paid or payable for the same expenses under any other insurance afforded by this policy.

No payment will be made under this agreement unless the injured person (or their legal representatives) agrees in writing that any payment made will be applied toward any settlement or judgment that person receives for the same expenses under any other AUTO liability or Uninsured Motorists Coverage provided by this policy.

Under Insuring Agreement C – The most WE will pay for any one LOSS to an OWNED AUTO is the least of the following:

(a) the actual cash value of the OWNED AUTO;

(b) the amount necessary to replace the OWNED AUTO with like kind and quality;

(c) the amount necessary to repair the OWNED AUTO or its parts with like kind and quality;

(d) the amount stated in the declarations for this Coverage Part.

Before payment of LOSS, WE may take all or any part of the salvage at the agreed or appraised value. There will be no abandonment to US.

WE WILL ALSO PAY – Under Insuring Agreement A, WE will pay, in addition to the limit:

(a) all costs and expenses in defending an INSURED, and interest on any judgment that does not exceed the limit;

(b) premiums on appeal bonds or bonds to release property used to secure YOUR legal obligations, in a suit WE defend, but only for bonds up to OUR limit. Also, up to $250 for the cost of bail bonds required because of an OCCURRENCE, including related traffic law violations. WE do not have to furnish or secure these bonds;

(c) expenses YOU incur for first aid to anyone injured in an OCCURRENCE covered by this Coverage Part;

(d) up to $50 a day for loss of earnings (but not other income) because of attendance at hearings or trials at OUR request;

(e) other reasonable expenses incurred at OUR request.

Under Insuring Agreement C – In addition to payments in the MOST WE WILL PAY provision, WE will also pay:

(a) up to $20 a day, but not for more than $600, for incurred loss of use of an OWNED AUTO;

(b) all ordinary and necessary expenses to return a stolen OWNED AUTO to YOU.

HOW WE WILL PAY – At OUR option:

Under Insuring Agreement B, WE may pay the injured person or the person or organization rendering the service. Such payment does not mean WE admit any liability on any INSURED's part;

Under Insuring Agreement C, WE will pay for, repair, or replace the damaged or stolen OWNED AUTO.

INSURED'S DUTIES AFTER INJURY, OCCURRENCE, OR LOSS – If there is an OCCURRENCE, and INSURED is sued or a claim is made against them, or YOU sustain a LOSS:

(a) Report this to US as soon as possible. Give US all the details YOU can, including where and how it happened, the names and addresses of persons involved, injured, and any witnesses;

(b) Under Insuring Agreement A, promptly send US all documents if an INSURED is sued or a claim is made against them;

(c) Under Insuring Agreement B, any injured person must submit a written proof of claim (under oath and signed if WE require) and execute any documents to have medical reports and records released to US;

(d) Under Insuring Agreement C:

(1) protect the OWNED AUTO, whether or not this insurance applies. Any further LOSS due to YOUR failure to do so will not be covered by this policy. WE will pay all reasonable expenses YOU incur for such protection;

(2) if the OWNED AUTO is stolen, notify the police;

(3) permit US to inspect the damaged OWNED AUTO prior to its repair or replacement, and submit a sworn proof of LOSS within 60 days;

(e) Cooperate and assist US in the investigation, settlement, defense, enforcement of contribution or indemnification. The INSURED may not, except at their expense, make any offer or payment, assume any obligation or incur any expense unless otherwise permitted in this Coverage Part.

DAMAGED OWNED AUTO – When an OWNED AUTO is damaged, whether or not such damage is covered by this Coverage Part, OUR liability is reduced by the amount of such damage until repairs have been completed.

NO BENEFIT TO BAILEE – This insurance will not benefit, directly or indirectly, any carrier or bailee.

OUT OF STATE EXTENSION – While an OWNED AUTO or TEMPORARY SUBSTITUTE AUTO insured by this Coverage Part is away from the state where it is licensed and registered, WE will:

1. increase this Coverage Part limits to meet those specified by any compulsory or financial responsibility law in the jurisdiction where the AUTO is being used;

2. provide the minimum amounts and types of other coverages, such as "No Fault", required of out-of-state AUTOS by the jurisdiction where the AUTO is being used.

WE will not pay anyone more than once for the same elements of INJURY because of these extensions.

OTHER INSURANCE – The insurance afforded by this Coverage Part is primary, except it is excess:

(1) under Insuring Agreement A and C, while the OWNED AUTO or TEMPORARY SUBSTITUTE AUTO is in the care, custody, or control of any person or organization other than YOU, or YOUR spouse if a resident of the same household;

(2) under Insuring Agreement B, over any collectible AUTO insurance provided on a TEMPORARY SUBSTITUTE AUTO.

If there is other AUTO medical payments insurance on an OWNED AUTO, WE will pay only the proportion that OUR limit under Insuring Agreement B bears to the total of all applicable limits.

POLICY TERRITORY – This Coverage Part covers:

(a) anywhere in the United States of America, its territories, or possessions, or Canada;

(b) under Insuring Agreements A and B, in international waters or air space, if the LOSS or INJURY does not occur in the cause of travel or

transportation between countries, states, or nations;

(c) under Insuring Agreement C, while being transported between ports of (a) above.

SUBROGATION – The SUBROGATION condition in the GENERAL CONDITIONS does not apply to Insuring Agreement B.

UNICOVER COVERAGE PART 950
GENERAL LIABILITY INSURANCE

INSURING AGREEMENT – WE will pay all sums the INSURED legally must pay as damages (including punitive damages where insurable by law) because of INJURY to which this Coverage Part applies, caused by an OCCURRENCE arising out of the hazard shown in the declarations:

PREMISES – the ownership, maintenance or use of the premises scheduled in the declarations (or acquired by YOU during the Coverage Part period) and all operations necessary or incidental thereto, except the PRODUCT HAZARD or COMPLETED OPERATIONS HAZARD.

WATERCRAFT – the ownership, maintenance, or use of the watercraft scheduled in the declarations.

CONTRACTORS – construction operations for YOU by any contractor at the premises scheduled in the declarations (or at premises acquired by YOU during the Coverage Part period) including YOUR acts or omissions in the general supervision of those operations.

WE have the right and duty to defend any suit asking for these damages. WE may investigate and settle any claim

or suit WE consider appropriate. OUR payment of the limit shown in the declarations ends OUR duty to defend.

WE have no right or duty to defend suits for damages not covered by this Coverage Part.

DEFINITIONS – When used in this Coverage Part:

"AUTO" means any land motor vehicle, trailer or semi-trailer, designed for travel on public roads and includes its permanently attached equipment. "AUTO" does not include MOBILE EQUIPMENT.

"COLLAPSE HAZARD" means the collapse of or structural INJURY to a building or structure caused by:

(a) grading of land, excavating, borrowing, filling, back-filling, tunnelling, pile driving, coffer-dam or caisson work, or

(b) moving, shoring, underpinning, raising or demolition of any building or structure or the removal or rebuilding of any of its structural support.

It also means INJURY to any other property at any time resulting from any of these.

The COLLAPSE HAZARD does not include INJURY (1) arising out of operations performed for YOU by independent contractors, or (2) included in COMPLETED OPERATIONS HAZARD or UNDERGROUND HAZARD, or (3) for which liability is assumed by an INSURED for any of them.

"COMPLETED OPERATIONS HAZARD" means INJURY arising out of YOUR operations or a reliance upon a warranty made with respect to them, but only if the

INJURY occurs after the operations have been completed or abandoned and occurs away from premises owned by or rented to YOU. "Operations" includes materials, parts, or equipment furnished with them and are deemed completed at the earliest of the following:

(a) when YOU have completely fulfilled a contract specifying the "Operations";

(b) when all "Operations" to be performed by YOU at a specific site have been completed; or

(c) when the portion of the work out of which the INJURY arises has been utilized by any one other than a contractor or subcontractor engaged in performing for a principal as part of the same project.

Operations requiring service, maintenance, or corrective work, repair, or replacement because of a defect, but which are otherwise completed are deemed completed. INJURY will not be deemed as arising out of the COMPLETED OPERATIONS HAZARD when caused by (a) the transportation of property, unless caused by the loading or unloading of a vehicle, or (b) the existence of tools, uninstalled equipment or abandoned or unused materials.

"EXPLOSION HAZARD" means INJURY to tangible property arising out of blasting or explosion. It does not mean such INJURY (1) arising out of the explosion of air or steam vessels, piping under pressure, prime movers, machinery or power transmitting equipment, or (2) arising out of operations performed for YOU by independent

contractors, or (3) included in the COMPLETED OPERATIONS HAZARD or the UNDERGROUND INJURY HAZARD, or (4) for which liability is assumed by an INSURED for any of these.

"INJURY" means bodily injury, sickness, disease, or disability (including death resulting from any of these) or damage to or loss of use of tangible property.

"MOBILE EQUIPMENT" means vehicles designed for use principally off public roads, those not required to be licensed, and AUTOS used solely on YOUR premises. It includes, but is not limited to, bulldozers, power shovels, rollers, graders, scrapers, and any other road construction repair equipment, farm machinery, cranes, forklifts, pumps, generators, air compressors, drills, street sweepers, riggers, or vehicles used to provide mobility for any of these when permanently attached to the equipment.

"OCCURRENCE" means an accident, including continuous or repeated exposure to conditions, which results in INJURY during the Coverage Part period neither intended nor expected by the INSURED. All INJURY arising out of a continuous or repeated exposure to substantially the same general conditions will be considered as arising out of one OCCURRENCE.

"PRODUCTS HAZARD" means INJURY arising out of YOUR PRODUCTS or a reliance upon a warranty made with respect to them, but only if INJURY occurs away from premises owned by or rented to YOU and after physical possession of the PRODUCT has been relinquished to someone else.

"PRODUCTS" means the goods or products YOU made or sold, or those made or sold by others trading under YOUR name. It includes any container for the goods or products (other than a vehicle) but does not include a vending machine or any property (other than a container) rented or located for use of others but not sold.

"UNDERGOUND INJURY HAZARD" means INJURY to wires, conduits, pipes, mains, sewers, tanks, tunnels, any similar property, and any apparatus in connection with it, beneath the surface of the ground or water, caused by and occurring during the use of mechanical equipment for the purpose of grading land, paving, excavating, drilling, borrowing, filling, back-filling or pile driving. It also means INJURY to any other property at any time resulting from any of these.

The UNDERGROUND INJURY HAZARD does not include INJURY to tangible property (1) arising out of operations performed for YOU by independent contractors, or (2) included in the COMPLETED OPERATIONS HAZARD, or (3) for which liability is assumed by any INSURED for any of these.

EXCLUSIONS – This insurance does not apply to:

(a) INJURY caused by any dishonest, fraudulent, intentional, or criminal act committed by any INSURED;

(b) liability assumed by any INSURED under any contract or agreement, except a written lease of premises, elevator maintenance agreement, or an easement or sidetrack agreement except in connection with construction or demolition operations on or adjacent to a railroad;

(c) INJURY arising out of the ownership, maintenance, use, loading or unloading of any:

(1) aircraft;

(2) AUTO, except YOUR parking of an AUTO not owned, rented, leased, or loaned to any INSURED on premises scheduled in the declarations, or premises YOU acquire during the Coverage Part period;

(3) MOBILE EQUIPMENT while being operated in, or in practice or preparation for any prearranged or organized race, rally, speed, demolition, or competitive contest or stunting activity; or to any snowmobile or trailer designed for use with it;

(4) Watercraft (i) not described in the declarations, (ii) while rented to others by YOU, (iii) carrying any passenger for a consideration, (iv) while afloat over six nautical miles from the coastal shoreline of the 48 contiguous United States, the District of Columbia, or Canada;

Part (4) of this exclusion does not apply to any watercraft while ashore on any premises insured under the PREMISES hazard.

(d) INJURY arising out of the transportation of MOBILE EQUIPMENT by an AUTO owned, operated, rented, leased, or borrowed by YOU;

(e) INJURY caused by the dumping, discharge, or escape of irritants, pollutants, or contaminants. This exclusion does not apply if the discharge is sudden and accidental;

(f) INJURY caused by the discharge, release, or escape of any petroleum substance into or upon any body of

water or water course, regardless of the nature of the discharge, release or escape (whether accidental or not);

(g) INJURY due to radioactive contamination, or the explosion of a nuclear weapon or device or their consequences;

(h) INJURY arising out of YOUR business of serving, manufacturing, distributing or selling alcoholic beverages;

(i) any obligation for which an INSURED may be held liable under any Worker's Compensation or disability benefits law or under any similar law;

(j) any obligation of the INSURED to indemnify another for INJURY to the INSURED's employee. This exclusion does not apply to contracts excepted in Exclusion (b) of this Coverage Part;

(k) INJURY to property owned by, rented or leased to, used by, or in the care, custody or control of the INSURED. This exclusion does not apply to a written sidetrack agreement with respect to property used by or in the care, custody, or control of the INSURED;

(l) INJURY to premises after YOU transfer ownership or possession to another, if INJURY is caused prior to the transfer;

(m) loss of use of property not physically damaged, if caused by YOUR delay or failure in performing any agreement or contract;

(n) INJURY to property caused by the COLLAPSE HAZARD, EXPLOSION HAZARD, or UNDERGROUND INJURY HAZARD;

(o) INJURY, if coverage is afforded in any other Coverage Part of this policy.

WHO IS AN INSURED – with respect to this Coverage Part:

1. YOU;

2. YOUR spouse, if YOU are a sole proprietor;

3. Any of YOUR partners, paid employees, executive officers, directors, or stockholders while acting within the scope of their duties as such;

4. If YOU are a partnership or a joint venture, any partner or member thereof, but only with respect to their liability as such;

5. With respect to watercraft, any person or organization legally responsible for the use of the described watercraft within the scope of YOUR permission.

WHO IS NOT AN INSURED – Any partnership or joint venture, other than YOU, in which an INSURED is a partner or member.

THE MOST WE WILL PAY – Regardless of the number of INSUREDS insured by this Coverage Part, persons or organizations who sustain INJURY, claims made or suits brought, the most WE will pay is the limit shown in the declarations for any one OCCURRENCE.

WE WILL ALSO PAY – WE will pay, in addition to the limit:

(a) all costs and expenses in defending an INSURED, and interest on any judgment that does not exceed the limit;

(b) premiums on appeal bonds or bonds to release property used to secure YOUR legal obligations, in a suit WE defend, but only for bonds up to OUR limit. Also, up to $250 for the cost of bail bonds required because of an OCCURRENCE, including related traffic law violations. WE do not have to furnish or secure these bonds;

(c) expenses YOU incur for first aid to anyone injured in an OCCURRENCE covered by this Coverage Part;

(d) up to $50 a day for loss of earnings (but not other income) because of attendance at hearings or trials at OUR request;

(e) other reasonable expenses incurred at OUR request.

INSURED'S DUTIES AFTER INJURY, OCCURRENCE, CLAIM OR SUIT – If there is an OCCURRENCE, the INSURED is sued, or a claim is made against an INSURED:

1. Report this to US as soon as possible. Give US all the details YOU can, including where and how it happened, the names and addresses of persons involved, injured, and any witnesses.

2. Promptly send US all documents, if an INSURED is sued or a claim is made against them.

3. Cooperate and assist US in the investigation, settlement, defense, enforcement of contribution or indemnification. The INSURED may not, except at their own expense, make any offer or payment, assume any obligation or incur any expense unless otherwise permitted by this Coverage Part.

UNICOVER COVERAGE PART 970
PERSONAL UMBRELLA

INSURING AGREEMENT - WE will pay for LOSS in excess of:

(a) coverage provided in any UNDERLYING INSURANCE;

(b) coverage provided in any other insurance available to an INSURED;

(c) in the absence of (a) and (b), the retention shown in the declarations.

WE have the right and duty to defend any suit for LOSS not covered by other insurance. WE may investigate and settle any claim or suit WE consider appropriate.

WE also have the right to defend any suit for LOSS covered by other insurance. WE have no right or duty to defend suits for LOSS not covered by this Coverage Part.

DEFINITIONS - When used in this Coverage Part:

"AUTO" means a land motor vehicle, trailer or semi-trailer, including farm tractors and farm implements.

"INJURY" means (1) bodily injury, sickness, disease, or disability (including death resulting from any of these), (2) mental anguish, mental injury, shock, discrimination or humiliation, (3) false arrest, false imprisonment, wrongful detention, wrongful eviction, malicious prosecution, libel, slander, defamation, invasion of rights of privacy or possession of personal property, (4) damage to or loss of use of tangible property.

"LOSS" means all sums the INSURED legally must pay as damages because of INJURY to which this insurance applies caused by an OCCURRENCE.

"OCCURRENCE" means an accident, including continuous or repeated exposure to conditions, which results in INJURY during the Coverage Part period neither intended nor expected by the INSURED. All INJURY arising out of a continuous or repeated exposure to substantially the same general conditions shall be considered as arising out of one OCCURRENCE.

"UNDERLYING INSURANCE" means the coverage and limits of liability of the underlying policy(s) or insurance scheduled in the declarations for this Coverage Part.

EXCLUSIONS – This insurance does not apply to:

(a) any obligation for which an INSURED may be held liable under any Worker's Compensation or disability benefits law, or under any similar law;

(b) INJURY to (1) property owned by an INSURED, or (2) watercraft rented to, used by, or in the care, custody or control of an INSURED;

(c) liability (1) assumed by an INSURED under any contract for INJURY which is an extension of the liability imposed upon the INSURED by statutory or common law, or (2) INJURY to property to the extent an INSURED is under contract to provide insurance;

(d) INJURY caused by any dishonest, fraudulent, intentional, or criminal act committed by an INSURED;

(e) the ownership, maintenance, use, loading or unloading of any aircraft;

(f) the ownership, maintenance, use, loading or unloading of any AUTO or watercraft. This exclusion does not apply to the extent any insurance is afforded by the UNDERLYING INSURANCE. In no event will this insurance apply to any watercraft in excess of 35 feet in length;

(g) any AUTO while being used as a taxicab, bus, public livery vehicle, emergency ambulance, long haul public freight carrier, carrier of property for a charge, transportation of explosives, gasoline, liquified petroleum gas, or other volatile petroleum products;

(h) any AUTO while being operated in, or in preparation or practice for any prearranged or organized race, rally, speed, demolition, or competitive contest or stunting activity; or while leased or rented to others;

(i) except with respect to any AUTO or watercraft, to any INSURED'S business, professional, or occupational pursuits (including failure to perform) or business property other than farms;

(j) punitive damages awarded against the INSURED, unless insurable by law and covered by the UNDERLYING INSURANCE;

(k) due to radioactive contamination or the explosion of a nuclear weapon or device or their consequences.

WHO IS AN INSURED – With respect to this Coverage Part:

1. YOU, including YOUR spouse if a resident of the same household;

2. a relative or ward of YOURS who is a resident of YOUR household;

3. any other person under the age of 21 who is a resident of YOUR household and in the care of an INSURED in 1 or 2.

THE MOST WE WILL PAY – Regardless of the number of INSUREDS, persons or organizations who sustain INJURY, claims made or suits brought, the most WE will pay is the least of the following:

(a) when there is no coverage for a LOSS available to the INSURED in the UNDERLYING INSURANCE or any other insurance, WE will pay the difference between OUR limit and the retention which are both shown in the declarations;

(b) when coverage for a LOSS is available to the INSURED in the UNDERLYING INSURANCE only, WE will pay the difference between OUR limit and the limit of such UNDERLYING INSURANCE which are both shown in the declarations;

(c) when there is no coverage for a LOSS available to the INSURED in the UNDERLYING INSURANCE but there is coverage available under another insurance policy (which was not purchased as excess of this policy), WE will pay the difference between OUR limit as shown in the declarations and the limit of such other insurance.

(d) when there is coverage for a LOSS available in both the UNDERLYING INSURANCE and any other insurance (which was not purchased as excess of this policy) WE will pay the

difference between the UNDERLYING INSURANCE and OUR limit (both as shown in the declarations) but only after the UNDERLYING INSURANCE and such other insurance have been exhausted.

When an INSURED has coverage for a LOSS under this Coverage Part and any other Umbrella Coverage Part or policy issued by US, the most WE will pay is the percentage the limit under this Coverage Part bears to the total limits of all such Coverage Parts or policies, but not for more than that percentage of the highest limit of any such Coverage Part or policy.

WE WILL ALSO PAY – If there is no UNDERLYING INSURANCE or any other insurance available to an INSURED, and coverage is afforded by this COVERAGE PART (except for the INSURED'S retention) WE will pay, in addition to OUR limit:

(a) all costs and expenses in defending an INSURED, and interest on any judgment that does not exceed OUR limit;

(b) premiums on appeal bonds or bonds to release property used to secure YOUR legal obligations, in a suit WE defend, but only for bonds up to OUR limit. Also, up to $250 for the costs of bail bonds required because of an OCCURRENCE, including related traffic law violations. WE do not have to furnish or secure these bonds;

(c) all costs and expenses in defending YOU, and interest on any judgment that does not exceed OUR limit;

(d) up to $50 a day for loss of earnings (but not other income) because of attendance at hearings or trials at OUR request;

(e) other reasonable expenses incurred at OUR request.

If any country will not let US defend YOU, WE will pay any such expenses when WE agree, in advance, in writing.

HOW WE WILL PAY – WE have no obligation to pay for a LOSS until (1) the UNDERLYING INSURANCE carrier(s) have paid or agreed to pay their policy limits, (2) any other insurer whose policy is available to the INSURED has paid or agreed to pay its policy limits, and (3) the INSURED has paid or agreed to pay the retention or any difference between the limits stated in this UNDERLYING INSURANCE and the actual limits (if less) as stated in such policies.

INSURED'S DUTIES AFTER INJURY, OCCURRENCE, CLAIM OR SUIT – If there is an OCCURRENCE, the INSURED is sued, or a claim is made against an INSURED:

1. Report this to US as soon as possible. Give US all the details YOU can, including where and how it happened, the names and addresses of persons involved, injured, and any witnesses.

2. Promptly send US all documents if any INSURED is sued or a claim is made against them.

3. Cooperate and assist US in the investigation, settlement, defense, enforcement of contribution or indemnification. The INSURED may not, except at their own expense, make any offer or

payment, assume any obligation or incur any expenses unless otherwise permitted in this Coverage Part.

DEFENSE AND SETTLEMENT – If there is UNDERLYING INSURANCE or other insurance available to the INSURED, WE will not assume charge of defense or settlement of any claims made or suits brought against the INSURED. After the UNDERLYING INSURANCE or other insurance has been exhausted, by payment (or written agreement to pay) WE will assume charge of further defense or settlement.

WE do have the right to associate with the INSURED in defense and control of any claim or suit likely to include US.

APPEALS – If the INSURED, the UNDERLYING INSURANCE carrier, or any other insurance carrier that has insurance available to the INSURED, choose not to appeal a judgment in excess of their retention or limits, WE may do so. WE will pay all expenses, and be liable for the costs and interests for the appeal. In no event, however, will OUR liability exceed the limit stated in the declarations.

MAINTENANCE OF UNDERLYING INSURANCE – This insurance will apply as if the UNDERLYING INSURANCE is in effect, even if (1) YOU have reduced such insurance or failed to keep it in effect, (2) coverage has been denied or reduced due to the INSURED'S failure to comply with the policy conditions, or (3) the underlying insurer is bankrupt or insolvent.

POLICY TERRITORY – This Coverage Part applies anywhere in the world, except with respect to watercraft.Watercraft are covered, while afloat, only within six nautical miles of the coastal shoreline of the 48 contiguous United States, the District of Columbia, or Canada.

UNICOVER COVERAGE PART 980
UNBRELLA

INSURING AGREEMENT – We will pay for LOSS in excess of:

(a) coverage provided in any UNDERLYING INSURANCE;

(b) coverage provided in any other insurance available to an INSURED;

(c) in the absence of (a) or (b), the retention shown in the declarations.

WE have the right and duty to defend any suit for LOSS not covered by other insurance. WE may investigate and settle any claim or suit WE consider appropriate.

WE also have the right to defend any suit for LOSS covered by other insurance. WE have no right or duty to defend suits for LOSS not covered by this Coverage Part.

DEFINITIONS – When used in this Coverage Part:

"AUTO" means a land motor vehicle, trailer or semi-trailer, other land equipment capable of moving under its own power, equipment for use with it, and animal drawn equipment.

"AUTO HAZARD" means the ownership, maintenance, or use of any AUTO YOU own or is in YOUR care, custody, or control and:

(1) used for the purpose of GARAGE OPERATIONS, or

(2) Used principally in GARAGE OPERATIONS with occasional use for other business or non-business purposes, or

(3) furnished for the use of any person or organization.

"CUSTOMER'S AUTOS" means an AUTO not owned by YOU but in YOUR care, custody, or control for safekeeping, storage, service or repair.

"COMPLETED OPERATIONS HAZARD" means INJURY arising out of YOUR operations or a reliance upon a representation or warranty made with respect to them, but only if the INJURY occurs after the operations have been completed or abandoned and occurs away from premises owned by or rented to YOU. "Operations" includes materials, parts, or equipment furnished with them and are deemed completed at the earliest of the following:

(a) when YOU have completely fulfilled a contract specifying the "operation";

(b) when all "operations" to be performed by YOU at a specific site have been completed; or

(c) when the portion of the work out of which the INJURY arises has been utilized by any one other than a contractor or subcontractor engaged in performing for a principal as part of the same project.

Operations requiring service, maintenance, or corrective work, repair, or replacement because of a defect, but which are otherwise completed are deemed completed. INJURY will not be deemed as arising out of the COMPLETED OPERATIONS HAZARD when caused by (a) the transportation of property, unless caused by the loading or unloading of a vehicle, or (b) the existence of tools,

uninstalled equipment or abandoned or unused materials.

"EXPLOSION HAZARD" means INJURY to tangible property arising out of blasting or explosion. It does not mean such INJURY (1) arising out of the explosion of air or steam vessels, piping under pressure, prime movers, machinery or power transmitting equipment, or (2) arising out of operations performed for YOU by independent contractors, or (3) included in the COMPLETED OPERATIONS HAZARD or the UNDERGROUND INJURY HAZARD, or (4) for which liability is assumed by an INSURED for any of these.

"GARAGE OPERATIONS" means the ownership, maintenance, or use of that portion of any premises, where YOU conduct YOUR AUTO business, and all other operations necessary or incidental thereto.

"HAULAWAY" means a conveyance designed solely for use in transporting four wheeled motor vehicles.

"INJURY" means (1) bodily injury, sickness, disease, or disability (including death resulting from any of these) or damage to or loss of use of tangible property, (2) mental anguish, mental injury, shock, discrimination or humiliation, (3) false arrest, false imprisonment, wrongful eviction, wrongful detention, malicious prosecution, libel, slander, defamation of character, invasion of rights of privacy or possession of personal property, (4) plagiarism, piracy, copyright violation, or false advertising in the course of or related to YOUR advertising, broadcasting, or telecasting advertising, (5) infringement of a right to a title or slogan, unfair competition or idea misappropriation under an implied contract when committed or

alleged to have been committed in any advertising, publicity article, broadcast or telecast during the Coverage Part period and arising out of YOUR advertising activities.

INJURY will also mean, if insurance is afforded in the UNDERLYING INSURANCE for the perils, (6) any negligent act, error or omission in the administration of YOUR profit sharing, pension, or employee stock subscription plans or YOUR group life, group accident and health, Workers' Compensation, unemployment, social security, or disability benefits insurance. "Administration" means interpreting for or giving counsel to employees, handling records, effecting enrollment, termination or cancellation of employees, all under YOUR employee benefits programs when such acts are authorized by YOU.

"LOSS" means all sums the INSURED legally must pay as damages because of INJURY to which this insurance applies caused by an OCCURRENCE.

"LEGAL DAMAGES" means any suit brought against YOU during the Coverage Part period by or on behalf of a customer arising out of GARAGE OPERATIONS because of an alleged violation of any federal, state, or local odometer, truth-in-lending, truth-in-leasing, or AUTO damage disclosure statute or law, other than as a result of an OCCURRENCE or as defined in PRODUCT RELATED DAMAGES.

"OCCURRENCE" means an accident, including continuous or repeated exposure to conditions, which results in INJURY during the Coverage Part period neither intended nor expected by the INSURED. ALL INJURY

arising out of continuous or repeated exposure to substantially the same general conditions will be considered as arising out of one occurrence.

"PRODUCTS" means the goods or products YOU make, sell, service, or repair. It includes any container for the goods or products (other than a vehicle) but does not include a vending machine or any property (other than a container) rented or located for use of others but not sold.

"PRODUCTS HAZARD" means INJURY arising out of YOUR PRODUCTS or a reliance upon a representation or warranty made with respect to them, but only if INJURY occurs away from premises owned by or rented to YOU and after physical possession of the PRODUCT has been relinquished to someone else.

"PRODUCT RELATED DAMAGES" means any suit brought against YOU during the Coverage Part period by or on behalf of a customer arising out of the sale, service, or repairs of YOUR PRODUCT, other than as a direct result of an OCCURRENCE or as defined in LEGAL DAMAGES.

"UNDERGROUND INJURY HAZARD" means INJURY to wires, conduits, pipes, mains, sewers, tanks, tunnels, any similar property, and any apparatus in connection with it, beneath the surface of the ground or water, caused by and occurring during the use of mechanical equipment for the purpose of grading land, paving, excavating, drilling, borrowing, filling, back-filling or pile driving. It also means INJURY to any other property at any time resulting from any of these.

The UNDERGROUND INJURY HAZARD does not include INJURY to tangible property (1) arising out of operations performed for YOU by independent contractors, or (2) included in the COMPLETED OPERATIONS HAZARD, or (3) for which liability is assumed by any INSURED for any of these.

"UNDERLYING INSURANCE" means the coverage and limits of liability of the underlying policy(s) or insurance scheduled in the declarations for this Coverage Part. UNDERLYING INSURANCE does not include any insurance afforded by the Special Limits Application portion of Coverage Part 330.

"WORK" means work YOU perform or work someone else performed for YOU

EXCLUSIONS – This insurance does not apply to:

(a) INJURY caused by any dishonest, fraudulent, intentional, or criminal act committed by any INSURED;

(b) any obligation for which an INSURED may be held legally liable under any Worker's Compensation or disability benefits law or similar law;

(c) any obligation of the INSURED to indemnify another for INJURY to the INSURED'S employee;

(d) INJURY claimed because of the recall of YOUR PRODUCTS or YOUR WORK, or other property of which they form a part, due to a known or suspected defect or deficiency they contain;

(e) loss of use of property not physically damaged, if caused by:

(1) YOUR delay or failure in performing any agreement or contract;

(2) the failure of YOUR PRODUCT or YOUR WORK to meet the quality warranted or the level of performance represented:

(f) INJURY to property owned by YOU;

(g) INJURY caused by the dumping, discharge, or escape of irritants, pollutants, or contaminants. This exclusion does not apply if the discharge is sudden and accidental;

(h) INJURY caused by the discharge, release, or escape of any petroleum substance into or upon any body of water or water course, regardless of the nature of the discharge, release, or escape (whether accidental or not);

(i) contractual liability assumed by any INSURED for INJURY to property which is rented, occupied, used, or controlled by an INSURED, if the contractual liability is greater than that imposed by statutory or common law;

(j) INJURY caused by:

(1) the unavailability of or an incorrect description of a PRODUCT advertised;

(2) A mistake in the advertised price;

(3) an alleged breach of contract or failure to pay for advertising activities;

(4) advertising activities resulting in infringement or misappropriation of a trademark, service mark, or trade name;

(k) INJURY arising out of an INSUREDS activities as an insurance agent, broker, or consultant;

(l) punitive damages awarded against an INSURED, unless insurable by law and covered by the UNDERLYING INSURANCE;

(m) any claim made or suit brought as a result of any extended warranty or mechanical breakdown agreement. This exclusion does not apply to bodily injury, sickness, disease, or disability (including death resulting from any of these) or damage to tangible property.

(n) INJURY to property in YOUR care, custody or control. This exclusion does not apply to CUSTOMER'S AUTOS or real property if insurance is provided in the UNDERLYING INSURANCE;

(o) INJURY arising out of the ownership, maintenance, use loading or unloading of any:

(1) watercraft:

(i) over 35 feet in length;

(ii) when used for non-business purposes;

(iii) when rented or leased to others;

(iv) while afloat over six nautical miles from the coastal shoreline of the 48 contiguous United States, the District of Columbia, or Canada;

(2) AUTO while:

(i) being used as a HAULAWAY;

(ii) operated in, or in practice or preparation for any prearranged or organized race, rally, speed, demolition, or competitive contest or stunting activity;

(iii) leased or rented to others, except:

(aa) YOUR salesman for use principally in GARAGE OPERATIONS and the AUTO HAZARD;

(bb) YOUR customers, for a term of two months or less when it temporarily replaces the CUSTOMER'S AUTO or when the customer is awaiting delivery of an AUTO purchased from YOU;

(iv) being used as a taxicab, bus, public livery, emergency ambulance, public freight carrier, or carrying property for a charge;

(v) being used to transport explosives, gasoline, liquified petroleum gas, or other volatile petroleum products.

Exclusion (iv) and (v) do not apply when the excluded class or operation constitutes a minor and incidental part of YOUR business operations.

This exclusion does not apply if the INSURED has coverage in the UNDERLYING INSURANCE.

(p) aircraft;

(q) INJURY, as defined in part (6) of the definition of INJURY, if caused by:

(1) failure of performance by any insurer;

(2) an INSURED'S failure to comply with any Workers' Compensation, unemployment insurance, Social Security, or disability benefits law or similar laws;

(3) failure of investments or assets to perform as represented by an INSURED;

(4) advice given by an INSURED to an employee to participate or not to participate in stock subscription plans;

(5) failure of any Employee Benefits program, for any reason;

(6) the investment or non-investment of funds;

(7) violation of any responsibilities, obligations, or duties imposed upon fiduciaries by the Employee Retirement Income Security Act of 1974, its amendments, or by any common or statutory law of the United States or any state or jurisdiction therein;

(r) INJURY arising out of PRODUCTS HAZARD or COMPLETED OPERATIONS HAZARD. This exclusion does not apply to the extent such coverage is afforded in the UNDERLYING INSURANCE;

(s) LEGAL DAMAGES or PRODUCT RELATED DAMAGES;

(t) due to radioactive contamination or the explosion of a nuclear weapon or devise or their consequences;

(u) LOSS with respect to construction operations for an INSURED by any contractor arising out of:

(1) the COLLAPSE HAZARD, EXPLOSION HAZARD, or UNDERGROUND INJURY HAZARD;

(2) any job excluded in the UNDERLYING INSURANCE (other than with respect to the ownership, maintenance, use, loading or unloading of an AUTO);

(3) or in any way connected with the application of the principals of eminent domain, or

condemnation proceedings (retroactive, inverse, or reverse, or by whatever name called).

Part (1) of this exclusion does not apply to the extent coverage is available to the INSURED in the UNDERLYING INSURANCE.

WHO IS AN INSURED – Except with respect to the ownership, maintenance, use, loading, or unloading of any AUTO or watercraft:

(a) YOU; if YOU are a sole proprietorship, coverage applies only to YOUR business activities as covered by the UNDERLYING INSURANCE;

(b) any of YOUR partners, paid employees, directors, executive officers, or stockholders, while acting within the scope of their duties as such;

(c) if YOU are a partnership or joint venture, any partner or member thereof, but only with respect to their liability as such;

(d) any other person or organization named in the UNDERLYING INSURANCE, but not for broader coverage than available to them in the UNDERLYING INSURANCE;

With respect to any AUTO or watercraft:

(a) YOU;

With respect to (1) any AUTO or watercraft used in YOUR business or (2) personal use of any AUTO or watercraft owned or hired by YOU:

(a) any person or organization designated in the declarations.

THE MOST WE WILL PAY – Regardless of the number of INSUREDS, AUTOS, or watercraft insured by this Coverage Part, persons or organizations who sustain INJURY, claims made or suits brought, the most WE will pay is the least of the following;

(a) when there is no coverage for a LOSS available to the INSURED in the UNDERLYING INSURANCE or any other insurance, WE will pay the difference between OUR limit and the retention which are both shown in the declarations;

(b) when coverage for a LOSS is available to the INSURED in the UNDERLYING INSURANCE only, WE will pay the difference between OUR limit and the limits of such UNDERLYING INSURANCE which are both shown in the declarations;

(c) when there is no coverage for a LOSS available to the INSURED in the UNDERLYING INSURANCE but there is coverage available under another insurance policy (which was not purchased as excess of this policy), WE will pay the difference between OUR limit as shown in the declarations and the limits of such other insurance;

(d) when there is coverage for a LOSS available in both the UNDERLYING INSURANCE and other insurance (which was not purchased as excess of this policy) WE will pay the difference between the UNDERLYING INSURANCE and OUR limit (both as shown in the declarations) but only after the UNDERLYING INSURANCE and such other insurance have been exhausted.

When an INSURED has coverage for a LOSS under this Coverage Part and any other Coverage Part or policy issued by US, the most WE will pay is the percentage the limit under this Coverage Part bears to the total limits of all such Coverage Parts or policies, but not for more than that percentage of the highest limit of any such Coverage Part or policy.

WE WILL ALSO PAY – If there is no UNDERLYING INSURANCE or any other insurance available to an INSURED, and coverage is afforded by this Coverage Part (except for the INSURED'S retention) WE will pay, in addition to OUR limit:

(a) all costs and expenses in defending an INSURED, and interest on any judgment that does not exceed OUR limit;

(b) premiums on appeal bonds or bonds to release property used to secure YOUR legal obligations. Also up to $250 for the cost of bail bonds required because of an OCCURRENCE, including related traffic law violations. WE do not have to furnish or secure these bonds;

(c) all reasonable expenses the INSURED incurs at OUR request.

If any country will not let US defend YOU, WE will pay any such expenses when WE agree, in advance, in writing.

HOW WE WILL PAY – WE have no obligation to pay for a LOSS until (1) the UNDERLYING INSURANCE carrier(s) have paid or agreed to pay their policy limits, (2) any other insurer whose policy is available to the INSURED has paid or agreed to pay its policy limits, and (3) the

INSURED has paid or agreed to pay the retention or any difference between the limits stated in the UNDERLYING INSURANCE and the actual limits (if less) as stated in such policies.

INSURED'S DUTIES AFTER INJURY, OCCURRENCE, CLAIM OR SUIT – If there is an OCCURRENCE, the INSURED is sued, or a claim is made against an INSURED:

1. Report this to US as soon as possible. Give US all the details YOU can, including where and how it happened, the names and addresses of persons involved, injured, and any witnesses.

2. Promptly send US all documents if any INSURED is sued or a claim is made against them.

3. Cooperate and assist US in the investigation, settlement, defense, enforcement of contribution or indemnification. The INSURED may not, except at their own expense, make any offer or payment, assume any obligation or incur any expense unless otherwise permitted in this Coverage Part.

DEFENSE AND SETTLEMENT – If there is UNDERLYING INSURANCE or other insurance available to the INSURED, WE will not assume charge of defense or settlement of any claims made or suits brought against the INSURED. After the UNDERLYING INSURANCE or other insurance has been exhausted by payment (or written agreement to pay) WE will assume charge of further defense or settlement.

WE do have the right to associate with the INSURED in defense and control of any claim or suit likely to involve US.

APPEALS – If the INSURED, the UNDERLYING INSURANCE carrier, or any other insurance carrier that has insurance available to the INSURED, choose not to appeal a judgment in excess of their limits, WE may do so. WE will pay all expenses, and be liable for the costs and interest for the appeal. In no event, however, will OUR liability exceed OUR limit as stated in the declarations.

MAINTENANCE OF UNDERLYING INSURANCE – This insurance will apply as if the UNDERLYING INSURANCE is in effect, even if (1) YOU have reduced such insurance or failed to keep it in effect, (2) coverage has been denied or reduced due to the INSURED'S failure to comply with the policy conditions, or (3) the underlying insurer is bankrupt or insolvent.

Omitted are 31 pages of optional policy endorsements approved for use with the Unicover III policy.

DEFENDANT'S EXHIBIT P

(logo)

UNIVERSAL UNDERWRITERS INSURANCE COMPANY
FIFTY-ONE FIFTEEN OAK,
KANSAS CITY, MISSOURI 64112

October 10, 1983

Mr. Paul Candage, Insurance Analyst
Vermont Banking & Insurance Department
120 State St.
Montpelier, Vermont 05602

Re: Your Disapproval F.100A 3/83 Dated 9-23-83 – Resubmission:
UNICOVER III Program Revision – Forms
A. Vermont State Amendatory Part, Pages 2-A & 2-B, Ed. 9-83, for the Auto Truck and M/c Dealer Program (Replaces 10-82 Ed.)
B. Vermont State Amendatory Part, Pages 2-P(1) to 2-P(~~3~~ [2]), Ed. 9-83, for the Automotive Parts Dealer Program

Dear Mr. Candage:

I am again attaching the captioned forms for your review and approval for our use. I have also added a F.103,9-81 for both forms and have also provided the side-by-side comparison which you have required.

Hopefully with this added material you will be able to approve our filing.

Yours very truly,

/s/ Ralph W. Lind
Ralph W. Lind
Assistant Secretary

RWL/ljc

STATE OF VERMONT
DEPT. OF INSURANCE
RECEIVED

OCT 14 1983

APPROVED 10/26/83

DECLINED _____

BY: Paul Candage

Printing master sent to Print Shop 10-31-83

Old Editions

If this policy has been in effect for 60 days or more, or if this policy is a renewal of a policy WE issued, WE may cancel this policy only for one or more of the following reasons:

(1) nonpayment of premium, or

(2) fraud or material misrepresentation affecting this policy or in the presentation of claims thereunder or violation of any provisions of this policy, or

(3) substantial increase in hazard.

Page 2-P(1), Ed. 11-81

If this policy has been in effect for 60 days or more, or if this policy is a renewal of a policy WE issued, WE may cancel this policy only for one or more of the following reasons:

(1) nonpayment of premium, or

(2) fraud or material misrepresentation affecting this policy or in the presentation of claims

thereunder or violation of any provisions of this policy, or

(3) substantial increase in hazard, provided [that cancellation for this reason shall be effective only after approval of the Commissioner.]

Page 2-A, Ed. 10-82

New Editions

When this policy is in effect 60 days or more or is a renewal policy, WE may cancel for one or more of the following reasons:

Nonpayment of premium. If WE cancel for this reason, WE will give YOU at least 10 days notice.

Fraud or material misrepresentation affecting this policy or in the presentation of claims thereunder or violation of any provisions of this policy.

Substantial increase in hazard, *provided WE have secured approval for the cancellation for this reason from the commissioner of insurance.*

Page 2-P(1) Ed. 9-83

When this policy is in effect 60 days or more or is a renewal policy, WE may cancel for one or more of the following reasons:

Nonpayment of premium. If WE cancel for this reason, WE will give YOU at least 10 days notice.

Fraud or material misrepresentation affecting this policy or in the presentation of claims thereunder or violation of any provisions of this policy.

Substantial increase in hazard, *provided WE have secured approval for the cancellation for this reason from the commissioner of insurance.*

Page 2-A, Ed. 9-83

VERMONT DEPARTMENT OF INSURANCE

Form Submission – Summary Sheet

Required Filing Information

Date of Filing: October 11, 1983

Insurance Company or Rating Organization: Universal Underwriters Insurance Company

Form No./Ed. Date: Pages 2-A & 2-B ___ New ___ Revision ___ Edition No. 9-83

Attches to: UNICOVER Policy (Auto, Truck & Motorcycle Dealer Program)

(Type of policy or coverage part)

Presently filed rates and rules are to be used with this form filing?

x Yes ___ No (Explain) _____

_____

Please describe/respond: Display VT exceptions to basic UNICOVER Policy

---

Purpose and Use of Form? _____

Is it Mandatory or Optional? (Explain) Mandatory – part of policy.

Broadens Coverage? (Explain) N/A

Restricts Coverage? (Explain) N/A

Revision of: Cancellation Provision – revised to require Ins. Comm's
(if form is different from the immediate previous edition, explain the difference in detail – attach additional sheets as needed)

permission to cancel for "increase in hazard".

Company – Please complete the required number of copies of this form. Two completed copies must accompany every policy, form or endorsement filing made with the Vermont Insurance Department.

FOR DEPARTMENTAL USE ONLY – DO NOT COMPLETE

Date Filed: _____ Date Received: _____

Dept. File No. _____ Date Approved: _____

Effective Date: _____

F 103 9/81

VERMONT

STATE AMENDATORY PART

The GENERAL CONDITIONS are changed as follows:

The third paragraph of the CANCELLATION Condition is replaced by the following:

When this policy is in effect less than 60 days and is not a renewal, WE may cancel for any reason provided WE mail YOU notice within this period. If WE cancel for non-payment of premium WE will give YOU at least 10 days notice. If WE cancel for any other reason WE will mail YOU at least 30 days notice.

When this policy is in effect 60 days or more or is a renewal policy, WE may cancel for one or more of the following reasons:

Nonpayment of premium. If WE cancel for this reason, WE will give YOU at least 10 days notice.

Fraud or material misrepresentation affecting this policy or in the presentation of claims thereunder or violation of any provisions of this policy.

Substantial increase in hazard, provided WE have secured approval for the cancellation for this reason from the commissioner of insurance.

YOU may be entitled to a refund as a result of the cancellation. If so, it will be sent to you. However, making or offering to make the refund is not a condition of cancellation.

Notice of Cancellation to YOU will be by certified mail except that in the case of cancellation for nonpayment of premium, notice shall be by certified mail or certificate of mailing. The mailing of notice shall be sufficient proof of notice.

The following CONDITIONS are added:

NONRENEWAL – If WE decide not to renew this policy, WE will mail or deliver to YOU at YOUR address shown in the declarations, written notice of OUR intention not to renew at least 30 days prior to the expiration date of this policy.

OPTIONAL ENDORSEMENT No. 051 is not available in Vermont.

The following applies to all Coverage Parts affording AUTO LIABILITY or GENERAL LIABILITY insurance:

VERMONT STATUTORY LIABILITY ENDORSEMENT

This policy is issued and delivered subject to the Laws of Vermont and particularly to Chapter 113, Title 8 of the Vermont Statutes, including the following statutory requirements forming a part of such Chapter:

WE will pay and satisfy any judgment that may be recovered against the INSURED upon any claim covered by this policy to the extent and within the limits of liability assumed thereby, and shall protect the INSURED against the levy of any execution issued upon any such judicial judgment or claim against the INSURED. No limitation of liability in this policy shall be valid if, after a judgment has been rendered against the INSURED in respect to his legal liability for

damages in a particular instance, WE continue the litigation by an appeal or otherwise, unless the INSURED shall stipulate with US, agreeing to continue such litigation;

No action shall lie against US to recover for any LOSS under this policy, unless brought within one year after the amount of such LOSS is made certain either by judgment against the INSURED after final determination of the litigation or by agreement between the parties with OUR written consent;

The insolvency or bankruptcy of the INSURED shall not release US from the payment of damages for INJURY sustained or LOSS occasioned during the life of the policy, and in case of such insolvency or bankruptcy an action may be maintained by the injured person or claimant against US under the terms of the policy, for the amount of any judgment obtained against the INSURED not exceeding the limits of the policy; and

Payment of any judicial judgment or claim by the INSURED for any of OUR liability hereunder shall not bar the INSURED from any action or right of action against US. In case of payment of LOSS or expense under this policy, WE shall be subrogated to all rights of the INSURED against any party, as respects such LOSS or expense, to the amount of such payment, and the INSURED shall execute all papers required and shall cooperate with US to secure to the company such rights.

The following exclusions, pertaining to pollution and contamination, are deleted with respect to any AUTO

insured by this policy and licensed or principally garaged in, or used for GARAGE OPERATIONS in Vermont:

Coverage Part 500 – GARAGE INSURANCE: (m) and (n)
Coverage Part 900 – BASIC AUTO INSURANCE: (g)
Coverage Part 980 – UMBRELLA: (g) and (h)

The following exclusions are changed to delete "or stunting activity:"

Coverage Part 500 – GARAGE INSURANCE: (h)(2)
Coverage Part 900 – BASIC AUTO INSURANCE: (h)(1)
Coverage Part 980 – UMBRELLA: (o)(2)(ii)

The following is added to Exclusion (c)(3) of Coverage Part 950 – GENERAL LIABILITY INSURANCE:

This exclusion does not apply to any snowmobile or trailer designed for use with it if the INJURY occurs on any premises owned by, rented to or controlled by YOU.

VERMONT DEPARTMENT OF INSURANCE

Form Submission – Summary Sheet

Required Filing Information

Date of Filing: October 11, 1983

Insurance Company or Rating Organization: Universal Underwriters Insurance Company

Form No./Ed. Date: Pages 2-P(1)-(2) ___ New _x_ Revision _x_ Edition No. (9-83)

Attaches to: UNICOVER Policy (Automotive Parts Dealers Program)
(Type of policy or coverage part)

Presently filed rates and rules are to be used with this form filing?

_x_ Yes ___ No (Explain) _____

_____

Please describe/respond: _____

_____

Purpose and Use of Form? Display VT exceptions to basic UNICOVER Policy

Is it Mandatory or Optional? (Explain) Mandatory – part of policy.

Broadens Coverage? (Explain) N/A

Restricts Coverage? (Explain) N/A

Revision of: Cancellation Provision – revised to require Ins. Comm's
(if form is different from the immediate previous edition, explain the difference in detail – attach additional sheets as needed)

permission to cancel for "increase in hazard".

_____

Company – Please complete the required number of copies of this form. Two completed copies must accompany every policy, form or

endorsement filing made with the Vermont Insurance Department.

FOR DEPARTMENTAL USE ONLY - DO NOT COMPLETE

Date Filed: _____ Date Received: _____

Dept. File No. _____ Date Approved: _____

Effective Date: _____

F 103 9/81

UNIVERSAL UNDERWRITERS INSURANCE COMPANY

FIFTY-ONE FIFTEEN OAK •
KANSAS CITY, MISSOURI 64112

(logo)

VERMONT

STATE AMENDATORY PART

The GENERAL CONDITIONS are changed as follows:

The third paragraph of the CANCELLATION Condition is replaced by the following:

When this policy is in effect less than 60 days and is not a renewal, WE may cancel for any reason provided WE mail YOU notice within this period. If WE cancel for non-payment of premium WE will give YOU at least 10 days notice. If WE cancel for any other reason WE will mail YOU at least 30 days notice.

When this policy is in effect 60 days or more or is a renewal policy, WE may cancel for one or more of the following reasons:

Nonpayment of premium. If WE cancel for this reason, WE will give YOU at least 10 days notice.

Fraud or material misrepresentation affecting this policy or in the presentation of claims thereunder or violation of any provisions of this policy.

Substantial increase in hazard, provided WE have secured approval for the cancellation for this reason from the commissioner of insurance.

YOU may be entitled to a refund as a result of the cancellation. If so, it will be sent to you. However, making or offering to make the refund is not a condition of cancellation.

Notice of Cancellation to YOU will be by certified mail except that in the case of cancellation for nonpayment of premium, notice shall be by certified mail or certificate of mailing. The mailing of notice shall be sufficient proof of notice.

The following CONDITIONS are added:

NONRENEWAL – If WE decide not to renew this policy, WE will mail or deliver to YOU at YOUR address shown in the declarations, written notice of OUR intention not to renew at least 30 days prior to the expiration date of this policy.

The following applies to all Coverage Parts affording AUTO LIABILITY or GENERAL LIABILITY insurance:

VERMONT STATUTORY LIABILITY ENDORSEMENT

This policy is issued and delivered subject to the Laws of Vermont and particularly to Chapter 113, Title 8 of the Vermont Statutes, including the following statutory requirements forming a part of such Chapter:

WE will pay and satisfy any judgment that may be recovered against the INSURED upon any claim covered by this policy to the extent and within the limits of liability assumed thereby, and shall protect the INSURED against the levy of any execution issued upon any such judicial judgment or claim against the INSURED. No limitation of liability in this policy shall be valid if, after a judgment has been rendered against the INSURED in respect to his legal liability for damages in a particular instance, WE continue the litigation by an appeal or otherwise, unless the INSURED shall stipulate with US, agreeing to continue such litigation;

No action shall lie against US to recover for any LOSS under this policy, unless brought within one year after the amount of such LOSS is made certain either by judgment against the INSURED after final determination of the litigation or by agreement between the parties with OUR written consent;

The insolvency or bankruptcy of the INSURED shall not release US from the payment of damages for INJURY sustained or LOSS occasioned during the life of the policy, and in case of such insolvency or bankruptcy an action may be maintained by the injured person or claimant against US under the terms of the policy, for the amount of any judgment obtained against the

INSURED not exceeding the limits of the policy; and

Payment of any judicial judgment or claim by the INSURED for any of OUR liability hereunder shall not bar the INSURED from any action or right of action against US. In case of payment of LOSS or expense under this policy, WE shall be subrogated to all rights of the INSURED against any party, as respects such LOSS or expense, to the amount of such payment, and the INSURED shall execute all papers required and shall cooperate with US to secure to the company such rights.

The following exclusions, pertaining to pollution and contamination, are deleted with respect to any AUTO insured by this policy and licensed or principally garaged in, or used for GARAGE OPERATIONS in Vermont:

Coverage Part 830 – AUTO INSURANCE: (g)
Coverage Part 980 – UMBRELLA: (g) and (h)

The following exclusions are changed to delete "or stunting activity:"

Coverage Part 830 – AUTO INSURANCE: (h)(1)
Coverage Part 980 – UMBRELLA: (o)(2)(ii)

The following is added to Exclusion (c)(3) of Coverage Part 660 – GENERAL LIABILITY INSURANCE:

This exclusion does not apply to any snowmobile or trailer designed for use with it if the INJURY occurs on any premises owned by, rented to or controlled by YOU.

(seal)

STATE OF VERMONT
DEPARTMENT OF BANKING AND INSURANCE
MONTPELIER 05602
TEL. (802) 828-3301

DIVISION OF:
BANKING
INSURANCE
SECURITIES

DATE Sept. 23, 1983

TO: Universal Underwriters Ins. Co.
5115 Oak St.
Kansas City, Missouri

RE: Vermont Amendatory End.

We have received your filing dated _____

THIS FILING HAS BEEN DISAPPROVED FOR USE IN VERMONT BECAUSE:

___ 1. It does not comply with Title ___ Chapter ___ Section(s) _____

X 2. It does not comply with Regulation 81-3 Section(s) VI (K)

X 3. Per above Reg. there must be (1) the proper filing form and (2) a side-by-side comparison, with brackets and underlines showing exactly what wording has been changed.

A hearing will be granted within 20 days upon written request.

Should you desire further consideration on this filing, please submit the following:

___ 1. The earned premium and incurred losses for Vermont and countrywide separately for the past five years.

___ 2. The number of Vermont policyholders affected as well as the dollar impact of this filing.

___ 3. _____

_____

_____

_____

Sincerely,

By: Paul Candage

George A. Chaffee
Commissioner

(logo)

UNIVERSAL UNDERWRITERS INSURANCE COMPANY

FIFTY-ONE FIFTEEN OAK,
KANSAS CITY, MISSOURI 64112

(Received Sep. 19, 1983)

September 15, 1983

Chief of Insurance Rate Analysis
Vermont Banking & Insurance Department
120 State St.
Montpelier, Vermont 05602

Re: UNICOVER III Program Revision – Forms
A. VT State Amendatory Part, Page 2-A thru 2-B, Ed. 9/83, for the Auto, Truck & M/c Dealer Program (Replaces 10-82 Edition)

B. VT State Amendatory Part, Pages 2-P(1) thru 2-P(2), Ed. 9/83, for the Automotive Parts Dealers Program (Replaces 11-81 Edition)
Proposed Effective Date: October 15, 1983

Dear Sir:

The captioned forms are attached for your review and approval.

The changes are to comply with Section 3879 of the Vermont Statutes (Title 8, Chapter 105) and the changed ISO form CA 02 32 which now requires the prior permission of the commissioner of insurance when cancelling due to increase-in-hazard. We have been interpreting our policy to comply, but we now need to get this provision written into the policy.

We believe our policy is back in compliance with Vermont Law, Rules & Regulations.

Please return one copy of this filing with your approval thereon for our files.

Yours very truly,

/s/ Ralph W. Lind
Ralph W. Lind
Assistant Secretary

RWL/ljc

APPROVED _____

DECLINED 9/23/83

BY: Paul Candage

VERMONT

STATE AMENDATORY PART

The GENERAL CONDITIONS are changed as follows:

The third paragraph of the CANCELLATION Condition is replaced by the following:

When this policy is in effect less than 60 days and is not a renewal, WE may cancel for any reason provided WE mail YOU notice within this period. If WE cancel for non-payment of premium WE will give YOU at least 10 days notice. If WE cancel for any other reason WE will mail YOU at least 30 days notice.

When this policy is in effect 60 days or more or is a renewal policy, WE may cancel for one or more of the following reasons:

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Substantial increase in hazard, provided WE have secured approval for the cancellation for this reason from the commissioner of insurance.

YOU may be entitled to a refund as a result of the cancellation. If so, it will be sent to you. However, making or offering to make the refund is not a condition of cancellation.

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The following CONDITIONS are added:

NONRENEWAL – If WE decide not to renew this policy, WE will mail or deliver to YOU at YOUR address shown in the declarations, written notice of OUR intention not to renew at least 30 days prior to the expiration date of this policy.

OPTIONAL ENDORSEMENT No. 051 is not available in Vermont.

The following applies to all Coverage Parts affording AUTO LIABILITY or GENERAL LIABILITY insurance:

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damages in a particular instance, WE continue the litigation by an appeal or otherwise, unless the INSURED shall stipulate with US, agreeing to continue such litigation;

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The following is added to Exclusion (c)(3) of Coverage Part 950 – GENERAL LIABILITY INSURANCE:

> This exclusion does not apply to any snowmobile or trailer designed for use with it if the INJURY occurs on any premises owned by, rented to or controlled by YOU.

UNIVERSAL UNDERWRITERS INSURANCE COMPANY

FIFTY-ONE FIFTEEN OAK •
KANSAS CITY, MISSOURI 64112

(logo)

VERMONT

STATE AMENDATORY PART

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required and shall cooperate with US to secure to the company such rights.

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Coverage Part 830 – AUTO INSURANCE: (g)
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The following is added to Exclusion (c)(3) of Coverage Part 660 – GENERAL LIABILITY INSURANCE:

This exclusion does not apply to any snowmobile or trailer designed for use with it if the INJURY occurs on any premises owned by, rented to or controlled by YOU.

Draft No. 42129

67619

STATE OF VERMONT

DEPARTMENT OF BANKING AND INSURANCE

Montpelier, Vt., September 20, 1983

Received Ten and 00/100 Dollars

in payment of fees, as per schedule, from

Universal Underwritiers [sic] Ins. Co.
Fifty-One Fifteen Oak
Kansas City, MO 64112
Attn: Ralph W. Lind Asst. Sec.

Resident Agents	$	
Non-resident Agents		
Broker-S.L. Broker's Lic.		
Adjuster-Appraiser's Lic.		
Agent Application Fee		
Certification Fee		
Company Application Fee		
Company License Renewal		
Retaliatory Fees	10	00
Misc.		

Filing Fee
Re: Unicover III Progr.
Revision et al

ORIGINAL

DEFENDANT'S EXHIBIT R

TELEPHONE (816) 753-5800

(logo)

UNIVERSAL UNDERWRITERS INSURANCE COMPANY

FIFTY-ONE FIFTEEN OAK, KANSAS CITY, MISSOURI 64112

(Received Apr. 8, 1985)

April 1, 1985

Honorable David T. Bard, Commissioner
Vermont Insurance Department
State Office Building
120 State Street
Montpelier, Vermont 05602

Attention: Thomas C. Prindiville, CPCU
Chief of Insurance Analysis

RE: Unicover III Auto, Truck and Motorcycle Dealers Program
Endorsement No. 322
Vermont Pollution and Contamination Coverage
Coverage Part 950

Unicover III Parts Dealers Program
Endorsement No. 322P
Vermont Pollution and Contamination Coverage
Coverage Part 660

Dear Sir:

We are filing the above captioned endorsements to be attached to the General Liability Coverage Parts of our two Unicover III policies. These endorsements provide coverage for sudden and non-sudden pollution incidents on a claims-made basis.

In drafting our endorsements we have had reference to ISO's Vermont Contamination or Pollution Exception Endorsement GL 01 54. This endorsement has been filed with and approved by your department.

We trust that after you have had an opportunity to review these endorsements you will return the duplicates to us with your approval indicated.

Sincerely yours,

/s/ Ed Mason
Ed Mason, CPCU
Manager – Governmental Affairs

EM/lt.12

Approved 6-21-85

Denied _____

Effective as of 6-21-85

By: TFP

COMPARISON OF PRESENT FORMS OR ENDORSEM

CURRENT FORM
UNICOVER COVERAGE PART 950 GENERAL
LIABILITY INSURANCE

INSURING AGREEMENT – WE will pay all sums the INSURED legally must pay as damages (including punitive damages where insurable by law) because of INJURY to which this Coverage Part applies, caused by an OCCURRENCE arising out of the hazard shown in the declarations:

(e) INJURY caused by the dumping, discharge, or escape of irritants, pollutants, or contaminants. This exclusion does not apply if the discharge is sudden and accidental;

"OCCURRENCE" means an accident, including continuous or repeated exposure to conditions, which results in INJURY during the Coverage Part period neither intended nor expected by the INSURED. All INJURY arising out of a continuous or repeated exposure to substantially the same general conditions will be considered as arising out of one occurrence.

PROPOSED FORM

ENDORSEMENT NO. 322 VERMONT POLLUTION AND CONTAMINATION COVERAGE COVERAGE PART 950

The following is added to the INSURING AGREEMENT:

WE will also pay all sums the INSURED legally must pay as damages because of INJURY caused by an OCCURRENCE and arising out of the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants.

Any claim for such damages must be made in writing against an INSURED and reported to US during the policy period. Any such claim shall be deemed to have been made when written notice of such claim is received by the INSURED or US, whichever comes first.

All such claims sustained by any one person or organization as the result of any one OCCURRENCE shall be deemed to have been made at the time the first of those claims is made.

Exclusion (e) is changed to read:

(e) INJURY arising out of the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acid, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants. This exclusion does not apply to the insurance afforded by this endorsement.

"OCCURRENCE" means an accident, including continuous or repeated exposure to conditions, which result in a claim for INJURY being made during the Coverage Part period neither intended nor expected by the INSURED. All INJURY arising out of a continuous or repeated exposure to substantially the same general conditions will be considered as arising out of one occurrence.

ENDORSEMENT NO. 322
VERMONT POLLUTION AND CONTAMINATION COVERAGE
COVERAGE PART 950

Exclusion (e) is changed to read:

> (e) INJURY arising out of the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acid, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants. This exclusion does not apply to the insurance afforded by this endorsement.

The following is added to the INSURING AGREEMENT:

> WE will also pay all sums the INSURED legally must pay as damages because of INJURY caused by an OCCURRENCE and arising out of the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants.
>
> Any claim for such damages must be made in writing against an INSURED and reported to US during the policy period. Any such claim shall be deemed to have been made when written notice of such claim is received by the INSURED or US, whichever comes first.
>
> All such claims sustained by any one person or organization as the result of any one OCCURRENCE shall be deemed to have been made at the time the first of those claims is made.

With respect to this endorsement only, the definition of OCCURRENCE is changed to read:

"OCCURRENCE" means an accident, including continuous or repeated exposure to conditions, which result in a claim for INJURY being made during the Coverage Part period neither intended nor expected by the INSURED. All INJURY arising out of a continuous or repeated exposure to substantially the same general conditions will be considered as arising out of one OCCURRENCE.

COMPARISON OF PRESENT FORMS OR ENDORSEMENTS WITH REVISED FORMS OR ENDORSEMENTS

CURRENT FORM
UNICOVER COVERAGE PART 660 GENERAL LIABILITY INSURANCE

INSURING AGREEMENT – WE will pay all sums the INSURED legally must pay as damages (including punitive damages where insurable by law) because of INJURY to which this Coverage Part applies, caused by an OCCURRENCE arising out of the hazard shown in the declarations:

(e) INJURY caused by the dumping, discharge, or escape of irritants, pollutants, or contaminants. This exclusion does not apply if the discharge is sudden and accidental;

"OCCURRENCE" means an accident, including continuous or repeated exposure to conditions, which results in INJURY during the Coverage Part period neither intended nor expected by the INSURED. All INJURY arising out of a continuous or repeated exposure to substantially the same general conditions will be considered as arising out of one occurrence.

PROPOSED FORM
ENDORSEMENT NO. 322P VERMONT POLLUTION AND CONTAMINATION COVERAGE COVERAGE PART 660

The following is added to the INSURING AGREEMENT:

WE will also pay all sums the INSURED legally must pay as damages because of INJURY caused by an OCCURRENCE and arising out of the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants.

Any claim for such damages must be made in writing against an INSURED and reported to US during the policy period. Any such claim shall be deemed to have been made when written notice of such claim is received by the INSURED or US, whichever comes first.

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ENDORSEMENT NO. 322P
VERMONT POLLUTION AND CONTAMINATION COVERAGE
COVERAGE PART 660

Exclusion (e) is changed to read:

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> All such claims sustained by any one person or organization as the result of any one OCCURRENCE shall be deemed to have been made at the time the first of those claims is made.

With respect to this endorsement only, the definition of OCCURRENCE is changed to read:

"OCCURRENCE" means an accident, including continuous or repeated exposure to conditions, which result in a claim for INJURY being made during the Coverage Part period neither intended nor expected by the INSURED. All INJURY arising out of a continuous or repeated exposure to substantially the same general conditions will be considered as arising out of one OCCURRENCE.

TELEPHONE (816) 753-5800

(logo)

UNIVERSAL UNDERWRITERS INSURANCE COMPANY

FIFTY-ONE FIFTEEN OAK, KANSAS CITY, MISSOURI 64112

May 21, 1985

Honorable David T. Bard, Commissioner
Vermont Insurance Department
State Office Building
120 State Street
Montpelier, Vermont 05602
Attn: Thomas C. Prindiville, CPCU
Chief of Insurance Analysis

RE: Unicover III
Auto, Truck and Motorcycle Dealers Program
Endorsement No.: 322
Vermont Pollution and Contamination Coverage
Coverage Part: 950

Unicover III
Parts Dealers Program
Endorsement No.: 322P
Vermont Pollution and Contamination Coverage
Coverage Part: 660

Dear Sir:

We filed the above captioned endorsements on April 1, 1985. Could we inquire concerning the status of these filings?

Thanks for your assistance in this matter.

Sincerely yours,

/s/ Ed Mason
Ed Mason, CPCU
Manager – Governmental Affairs

EM/wt.1

PLAINTIFFS EXHIBIT 6

INSURANCE SERVICES OFFICE

[LOGO] FILING AUTHORIZATION FORM

To the Commissioner of Insurance:

You are hereby authorized to accept as filed on behalf of the undersigned MEMBER or SUBSCRIBER of the INSURANCE SERVICES OFFICE such material specified on this form relating to Manuals of Classification, Rules and Rates, Rating Plans and Rules, Policy Forms and Endorsements and any information pertaining thereto, which are filed in your office by Insurance Services Office with respect to one or more kinds of insurance, subdivisions and kinds of insurance or classes or risks, or any part or combination of the foregoing for which the undersigned is now or hereafter licensed to transact business.

This Filing Authorization shall be deemed amended to the extent that any filing is made in your office directly by the undersigned company and is inconsistent with the filing of said Insurance Services Office.

This Filing Authorization replaces any authorization currently in your office on behalf of the undersigned company and may be revoked or amended at any time by such action as herein specifically set forth or by notification to your office by the undersigned company or by Insurance Services Office.

/s/ Leo J. Cisper
Signature of Official

Leo J. Cisper, Assistant Secretary
Typed Name and Title of Official

Universal Underwriters Insurance Company
(Zurich Insurance Company of Missouri until 1-1-83)
Name of Company

5115 Oak Street
Home Office Number/Street

Kansas City,	Missouri	64112
City	State	Zip Code

[Bold italic type represents hand written copy.]

circular

PLAINTIFFS EXHIBIT 11

Bulletin File

VERMONT DISCLOSURE TO INSUREDS ON CONTAMINATION OR POLLUTION EXCEPTION ENDORSEMENT DISTRIBUTED: SMP RULE APPROVED

Commercial Multiple Line CML-84-58
General Liability GL-84-158
(Rules/Forms)

REFERENCE

CML-84-54/GL-84-141 (6-4-84)

LIMITED DISTRIBUTION

We have limited the distribution of the attachments to this Circular. If you did *not* receive the attachments and wish to have the detailed information, you should contact your Home Office.

BACKGROUND

In Circular CML-84-54/GL-84-141, we announced the approval of Vermont Contamination or Pollution Exception Endorsement GL 01 54. This endorsement provides coverage for sudden and non-sudden pollution incidents on a claims-made basis subject to an aggregate limit.

The Insurance Department also approved Pollution Exclusion endorsements GL 21 31 and GL 21 32. These endorsements are used when an insured agrees to exclude Pollution Liability coverage.

You are required by Regulation 78-1, issued by the Vermont Department of Banking and Insurance, to provide each insured with a printed notice if you eliminate or modify any coverages, conditions or definitions which result in a *decrease* in benefits.

ISO ACTION

We have prepared the attached statement of changes regarding the reductions and broadenings in coverage.

SMP RULE

We have also revised SMP Rule 17. Liability Coverage Forms to refer the manual holder to CLM Division Six rule for use of GL 01 54.

The Vermont Insurance Department has approved this revision.

EFFECTIVE DATE

These charges are applicable to all policies written on or after *July 1, 1984*.

COMPANY ACTION

- Forms:

  You *must* advise insureds, upon renewal, of any reduction in coverage by providing a copy of the statement of changes or a similar notice.

- SMP RULE

  If you have authorized us to file on your behalf and decide:

  - to use this revision and effective date, you are *not* required to file anything with the Vermont Insurance Department.

- to use this revision but *not* the effective date, you should notify the Vermont Insurance Department prior to our effective date.
- *not* to use this revision, you should notify the Vermont Insurance Department prior to our effective date.

In all correspondence with the Vermont Insurance Department on this filing, you should refer to our Filing Designation Number S-84-OPLI1.

FUTURE ISO ACTION

We will issue revised SMP manual pages during July, 1984.

ATTACHMENTS

- Vermont Notice of Change
- Explanatory Memorandum – SMP Rule
- Vermont SMP Exception Page ML-E-1

/s/ William J. Giordano
William J. Giordano
Commercial Casualty Division
General Liability Rules and Forms

BUSINESSOWNERS LIABILITY INSURANCE
COMPREHENSIVE GENERAL
LIABILITY INSURANCE
COMPLETED OPERATIONS AND
PRODUCTS LIABILITY INSURANCE
CONTRACTUAL LIABILITY INSURANCE
MANUFACTURERS AND
CONTRACTORS LIABILITY INSURANCE
OWNERS, LANDLORDS AND
TENANTS LIABILITY INSURANCE

SMP LIABILITY INSURANCE
STOREKEEPERS INSURANCE

VERMONT
Important Changes in Your Policy

Pollution Exclusion Endorsement GL 21 31 is attached to your policy when you agree to eliminate the coverage for contamination or pollution liability. The exclusion in your policy relating to the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants now applies.

OWNERS AND CONTRACTORS
PROTECTIVE LIABILITY INSURANCE
POLLUTION EXCLUSION

Vermont
Important Changes in Your Policy

Pollution Exclusion Endorsement GL 21 32 is attached to your policy when you agree to eliminate the coverage for contamination or pollution liability. The exclusion in your policy relating to the discharge, disposal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants now applies.

VERMONT
IMPORTANT CHANGES IN YOUR POLICY

GL 01 54, Contamination or Pollution Exception Endorsement is now attached to your policy.

This endorsement provides coverage for injury or damage due to sudden or gradual discharge, dispersal,

release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants.

Changes

Coverage for sudden and accidental pollution events is now subject to an aggregate limit. This is a *reduction* in coverage.

Coverage now applies to gradual pollution events on a claims-made basis subject to the aggregate limit. This is a *broadening* of coverage.

EXPLANATORY MEMORANDUM
COMMERCIAL LINES MANUAL
DIVISION NINE – MULTIPLE LINE –
SPECIAL MULTI-PERIL POLICY SUBDIVISION

Contamination or Pollution Exception Endorsement (Vermont) GL 01 54 was approved for an effective date of July 1, 1984. This endorsement must be attached to all liability policies issued in Vermont.

At the Vermont Insurance Department's request that we make reference to GL 01 54 in Division Nine, we are filing an SMP exception to Rule 17. Liability Coverage Forms under Section III – Liability Coverage. This exception adds instructions to Section A of this rule that refer the manual holder to the General Liability rules for use of GL 01 54.

Matter *underlined* is new; matter in brackets [ ] is deleted.

VERMONT (44)

COMMERCIAL LINES MANUAL
DIVISION NINE – MULTIPLE LINE
SPECIAL MULTI-PERIL POLICY SUBDIVISION
EXCEPTION PAGE

ADDITIONAL RULES

50. Attach Vermont Amendatory Endorsement IL 02 19 to all special Multi-Peril Policies covering risks in the State of Vermont.

55. Attach Vermont Statutory Liability Endorsement IL 01 26 to all policies.

EXCEPTION

SECTION III – LIABILITY COVERAGE

17. LIABILITY COVERAGE FORMS

Add the following to Section A:

Refer to General Liability Division 6 Exception Pages for the use of the Vermont Contamination or Pollution Exception Endorsement GL 01 54.

(Logo)

INTEROFFICE MEMORANDUM

August 9, 1984

To: ~~Al Birch~~
~~Bob Oakes~~

From: Ed Mason

I attach a copy of an ISO bulletin published June 4, 1984 concerning Vermont's contamination or pollution

endorsements. As I read this they are requiring an endorsement providing coverage for "sudden and non-sudden pollution incidents on a claims-made basis subject to an aggregate limit." Otherwise they are requiring endorsement (illegible) deleting this coverage.

Please advise which way you want to go on this matter.

EM/mt.6

8/22/84

Bob & Ed – I am not interested at this time in changing over to a claims-made basis. It would be inconsistent with GL & represents some negative future implications. Can I assume our GL approach will stand? In regard to Genl Liab what are the exceptions referred to and could we use our current approach if separate pol was issued?

Al – we have no choice – these endorsements were MANDATORY. Also, we can't delete them or charge for the coverage without the Insured's permission. We're even required to write it as a claims filed-made basis. How do you propose to get around this?

/s/ Bob Oakes

7/23/84

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circular June 4, 1984

cc: Ed Mason

Special instructions from Al Birch

See file attached.

Ed Mason

VERMONT CONTAMINATION OR POLLUTION EXCEPTION ENDORSEMENT AND RULE AND ADDITIONAL RULE FOR VERMONT STATUTORY LIABILITY ENDORSEMENT APPROVED

Commercial Multiple Line CML-84-54
General Liability GL-84-141
(Rules/Forms)

LIMITED DISTRIBUTION

We have limited the distribution of the attachments to this circular. If you did *not* receive the attachments and wish to have the detailed information, you should contact your Home Office.

BACKGROUND

The Pollution Liability program was approved for use in Vermont effective January 1, 1983. In conjunction with this approval, Vermont Contamination and Pollution Endorsement GL 01 11, which deleted the pollution exclusion in the General Liability policy, was withdrawn.

ISO ACTION

We have:

- developed Vermont Contamination or Pollution Exception Endorsement GL 01 54. This endorsement provides coverage for sudden and non-sudden pollution incidents on a claims-made basis subject to an aggregate limit.

- developed a rule concerning the use of GL 01 54. This endorsement is to be attached without charge to all policies providing general liability coverage issued in Vermont unless the insured agrees to delete this coverage. A charge for this endorsement can be made only with the consent of

the insured in accordance with the Consent To Rate provisions of the Vermont Statute.

- filed Pollution Exclusion endorsements GL 21 31 and GL 21 32 for use when an insured agrees to exclude Pollution Liability coverage.

- filed an additional rule requiring the attachment of IL 01 26, Vermont Statutory Liability Endorsement, to all policies issued in Vermont. This endorsement complies with the provisions of Chapter 113, Title 8, of the Vermont Statutes.

INSURANCE DEPARTMENT ACTION

The Vermont Insurance Department has approved this filing.

IMPORTANT NOTICE

Endorsement IL 01 26 *must* be attached to *all* policies issued in Vermont.

Endorsement GL 01 54 *must* be attached to *all* policies providing general liability coverage in Vermont unless the coverage is specifically excluded.

EFFECTIVE DATE

These changes are applicable to all policies written on or after *July 1, 1984.*

COMPANY ACTION

If you have authorized us to file on your behalf and decide:

- to use these forms and effective date, you are *not* required to file anything with the Vermont Insurance Department.

- to use these forms but *not* the effective date, you should notify the Vermont Insurance Department prior to our effective date.

- *not* to use these forms, you should notify the Vermont Insurance Department prior to our effective date.

In all correspondence with the Vermont Insurance Department on this filing, you should refer to our Filing Designation Number GL-84-OPLI1.

FORMS ORDERING

Supplies of Endorsements:

- GL 21 31

- GL 21 32

are available on the appropriate current order blank (General Liability, SMP & Businessowners).

- Supplies of endorsements IL 01 26 are available as a write-in item on the appropriate current order blank (General Liability, SMP & Businessowners). Please:

    - specify the form number and edition date.

- Supplies of endorsement GL 01 54 will *not* be available through our Central Distribution System until on or about August 1, 1984.

ATTACHMENTS

- Explanatory Memorandum

- GL 01 54, Contamination or Pollution Exception (Vermont)

- GL 21 31 Pollution Exclusion
- GL 21 32 Pollution Exclusion (OCP)
- Vermont Exception page with rules for use of these endorsements.

/s/ William J. Giordano
William J. Giordano
General Liability Division

EXPLANATORY MEMORANDUM

VERMONT POLLUTION LIABILITY PROGRAM

We have developed an endorsement, GL 01 54, Contamination or Pollution Exception (Vermont). This endorsement provides coverage for claims made against an insured arising out of a sudden or non-sudden pollution incident. Coverage provided under this endorsement will be subject to an aggregate limit. Pollution Exclusion Endorsements GL 21 31 and GL 21 32 will also be available to totally exclude pollution coverage on a risk by risk basis where the insured agrees to exclude the coverage or purchases a separate pollution liability policy.

Companies will be instructed to attach GL 01 54 to *all* general liability policies issued in Vermont with certain exceptions. The appropriate rule, a copy of which is attached, has been developed for inclusion on the Vermont State Exception pages.

In conjunction with this filing, we are submitting an additional rule requiring the attachment to all policies Vermont Statutory Liability Endorsement IL 01 26. This endorsement complies with the provisions of Chapter 113, Title 8, of the Vermont Statutes. Refer to our filing designation CL-83-OSL-1.

GL 01 54
(ed. 04 84)

CONTAMINATION OR POLLUTION EXCEPTION (VERMONT)

Limits of Liability
$ _____ aggregate

Additional Premium $_____

I. It is agreed that the exclusion relating to the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants is deleted.

II. It is also agreed that, which respect to *bodily injury* or *property damage* arising out of the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants:

A. The first paragraph of Coverage A – Bodily Injury Liability; Coverage B – Property Damage Liability is replaced by the following:

COVERAGE A – BODILY INJURY LIABILITY
COVERAGE B – PROPERTY DAMAGE LIABILITY

The company will pay on behalf of the *insured* all sums which the *insured* shall become legally obligated to pay as damages because of

A. *bodily injury* or
B. *property damage*

caused by an *occurrence* to which this insurance applies provided that the claim for such damages is

first made in writing against the *insured* and reported to the company during the policy period.

A claim by a person or organization seeking damages shall be deemed to have been made when written notice of such claim is received by the *insured* or by the company, whichever comes first.

All claims for damages because of *bodily injury* or *property damage* sustained by any one person or organization as a result of any one *occurrence* shall be deemed to have been made at the time the first of those claims is made.

The company shall have the right and duty to defend any suit against the *insured* seeking damages on account of such *bodily injury* or *property damage,* even if any of the allegations of the suit are groundless, false, or fraudulent.

The company may make such investigation and settlement of any claim or suit as it deems expedient. The company shall not be obligated to pay any claim or judgment or to defend any suit after the applicable limit of the company's liability has been exhausted by payment of judgments or settlements.

B. Section III Limits of Liability is replaced by the following

Regardless of the number of (1) *insured's* under this policy, (2) persons or organizations who sustain *bodily injury* or *property damage,* or (3) claims made or suits brought on account of *bodily injury* or *property damage,* the company's liability is limited as follows:

(a) The total liability of the company for all damages because of all *bodily injury* and *property damage* to which this insurance applies shall not exceed the limit of liability stated in this endorsement as "aggragate".

(b) Subject to the above provision with respect to "aggragate", the total liability of the company in any one *occurrence* for all damages because of all *bodily injury* and *property damage* to which this insurance applies shall not exceed the limits of liability stated in the declarations of this policy as "each *occurrence*".

For the purpose of determining the limit of the company's liability, all *bodily injury* and *property damage* arising out of a sudden or gradual discharge, dispersal, release or escape of irritants, contaminants or pollutants, including all *bodily injury* and *property damage* arising out of all subsequent exposure of persons and property to such substances, shall be considered as arising out of a single *occurrence*.

C. The definition of *bodily injury* is replaced by the following:

"bodily injury" means bodily injury, sickness or disease sustained by any person, including death at any time resulting therefrom;

D. The definition of *property damage* is replaced by the following:

"property damage" means (1) physical injury to or destruction of tangible property including the loss of use thereof at any time resulting therefrom, or (2) loss of use of tangible property which has not been physically injured or destroyed provided such loss of use is caused by an *occurrence*;

III. All other provisions of the policy apply to coverage afforded by this endorsement.

This endorsement forms a part of the policy to which attached, effective on the inception date of the policy unless otherwise stated herein.

(The following information is required only when this endorsement is issued subsequent to preparation of policy.)

Endorsement effective Policy No. Endorsement No.

Named Insured

Countersigned by _____
(Authorized Representative)

This endorsement modifies such insurance as is afforded by the provisions of the policy relating to the following:

OWNERS AND CONTRACTORS PROTECTIVE LIABILITY INSURANCE

POLLUTION EXCLUSION

It is agreed that exclusion (i) is replaced by the following:

(i) to bodily injury or property damage arising out of the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon land, the atmosphere or any watercourse or body of water;

This endorsement forms a part of the policy to which attached, effective on the inception date of the policy unless otherwise stated herein.

(The following information is required only when this endorsement is issued subsequent to preparation of policy.)

Endorsement effective Policy No. Endorsement No.

Named Insured

Countersigned by _____
(Authorized Representative)

This endorsement modifies such insurance as is afforded by the provisions of the policy relating to the following:

BUSINESSOWNERS LIABILITY INSURANCE
COMPREHENSIVE GENERAL LIABILITY INSURANCE
COMPLETED OPERATIONS AND PRODUCTS LIABILITY INSURANCE
CONTRACTUAL LIABILITY INSURANCE
MANUFACTURERS AND CONTRACTORS LIABILITY INSURANCE
OWNERS, LANDLORDS AND TENANTS LIABILITY INSURANCE
SMP LIABILITY INSURANCE
STOREKEEPERS INSURANCE

POLLUTION EXCLUSION

It is agreed that the exclusion relating to the discharge, dispersal, release or escape of smoke, vapors, soot, fumes,

acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants is replaced by the following:

> to bodily injury or property damage arising out of the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon land, the atmosphere or any watercourse or body of water; but this exclusion does not apply to bodily injury or property damage included within the products hazard or the completed operations hazard if the discharge, dispersal, release or escape originates away from premises owned by, rented or loaned to a named insured;

This endorsement forms a part of the policy to which attached, effective on the inception date of the policy unless otherwise stated herein.

(The following information is required only when this endorsement is issued subsequent to preparation of policy.)

Endorsement effective Policy No. Endorsement No.

Named Insured

Countersigned by _____
(Authorized Representative)

This endorsement modifies such insurance as is afforded by the provisions of the policy relating to the following:

OWNERS AND CONTRACTORS PROTECTIVE LIABILITY INSURANCE

POLLUTION EXCLUSION

It is agreed that exclusion (i) is replaced by the following:

(i) to bodily injury or property damage arising out of the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon land, the atmosphere or any watercourse or body of water;

DIVISION SIX GENERAL LIABILITY GENERAL LIABILITY OTHER THAN PROFESSIONAL LIABILITY EXCEPTION PAGE

ADDITIONAL RULES

1. SNOWMOBILES ENDORSEMENT GL 01 15
   Attach Snowmobiles Endorsement GL 01 15 to all policies issued in Vermont.

2. AMENDATORY ENDORSEMENT – VERMONT IL 02 19
   Attach Amendatory Endorsement IL 02 19 to all policies issued in Vermont.

3. VERMONT STATUTORY LIABILITY ENDORSEMENT IL 01 26

Attach Vermont Statutory Liability Endorsement IL 01 26 to all policies issued in Vermont.

ADDITIONAL RULE

CONTAMINATION OR POLLUTION EXCEPTION ENDORSEMENT GL 01 54

Attach Contamination or Pollution Exception Endorsement GL 01 54 to all policies issued in Vermont providing general liability coverage. This endorsement affords coverage for sudden and non-sudden pollution incidents on a claims-made basis, subject to an aggregate limit. The aggregate limit shall be the sum of the occurrence limits for bodily injury and property damage coverage afforded by the policy.

This endorsement is to be attached without charge unless written application for a charge, with the consent of the insured is made to the Commissioner pursuant to the requirements of the Vermont Statutes.

Pollution Exclusion Endorsements GL 21 31 and GL 21 32 are also available to totally exclude pollution coverage on a risk by risk basis:

(A) if the risk purchases a separate pollution liability policy; or

(B) if the risk agrees to exclude the coverage with such exclusion filed with the Commissioner pursuant to the requirements of the Vermont Statutes.

GENERAL LIABILITY OTHER THAN PROFESSIONAL SUB-DIVISION

SECTION I – GENERAL RULES

---

2. EXCEPTIONS TO COMMON GENERAL RULES

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3. POLICY WRITING MINIMUM PREMIUM

A. For prepaid policies, apply a $50 minimum premium regardless of term.

B. For annual premium payment plan policies or continuous policies, apply a $50 minimum premium for each annual period.

---

4. BASES OF PREMIUM

Replace E.1. with the following:

J. The payroll of executive officers of a corporation. The executive officers of a corporation are the President, any Vice-President, Secretary, Treasurer and other officers elected or appointed according to the charter or by-laws of the corporation. Use the average weekly payroll of each executive officer. Do not use more than $300 per week or less than $100 per week as the payroll of any individual executive officer.

Exceptions: The payroll of all executive officers engaged primarily in clerical operations or as salesmen shall not be included for premium purposes except where the classification

phraseology or footnotes require the inclusion of clerical or salesmen payroll.

And the following as E.l.k. and reletter paragraph k. to l.

k. The payroll of individual insureds or co-partners. Use $10,400 as the annual payroll of each individual insured or co-partner covered under the policy.

Exception: The payroll of all individual insureds or co-partnerships engaged primarily in clerical operations or as salesmen shall not be included for premium purposes except where the classification phraseology or footnotes require the inclusion of clerical or salesmen payroll.

1. *Ed Mason*
2. *A.J. Birch*

8-29-84

Al I do not understand why this came back to me yet. I believe I directed to you with a question.

Ed

To Ed Mason

It was sent back to you for clarification

1) What are the exceptions referred to?

2) Do we have to change GL?

3) If we totally exclude off genl liab, must we offer claims – made on separate pol?

I cant respond to Bob until above is clarified

Thanks, A.J. Birch
8/29/84

INTEROFFICE MEMORANDUM

August 31, 1984

To: Al Birch

From: Ed Mason *E. M.*

Subject: Vermont Contamination or Pollution Exception Endorsement

In answer to your note regarding this General Liability provision for Vermont:

1. The two exceptions are:
   A. If the insured signs an agreement that he doesn't want the coverage.
   B. If such coverage is afforded to him someplace else.
2. We do not have to change the Garage Liability for Vermont. This has already been taken care of by the Vermont exception page which states "the following exclusions, pertaining to pollution and contamination, are deleted with respect to any AUTO insured by this policy and licensed or principally garaged in, or used for Garage Operations in Vermont; Coverage Part 500 – Garage Insurance; (m) and (n), Coverage Part 900 – Basic Auto Insurance; (g), Coverage Part 980 – Umbrella; (g) and (h).
3. If the insured agrees to exclude the coverage, with such exclusion filed with the Commissioner pursuant to the requirements of the Vermont statutes we are not required to offer a claims made form on a separate policy. The insured can choose to "go bare". It is my own opinion that he would be foolish to do so since the deletion of the pollution exclusion, in other words having the coverage, costs him nothing.

I think that this answers the questions that you have posed. It brings us back to the original question as to how you want General Liability handled in Vermont.

EM/bt.4

(Logo) *1-15-85*
3-15-85
4-1-85

INTEROFFICE MEMORANDUM

Date: September 10, 1984

To: Ed Mason

From: Al Birch *A. J. B.*

Subject: Pollution Liability – Vermont

Effective July 1, 1984, only under the general liability coverage parts, we are mandated to provide sudden and gradual pollution liability on a claims made basis without a charge.

In view of the aforementioned, by copy of this letter, I am asking Bob Oakes to change the general liability coverage parts to afford as required. We also need to create an endorsement to exclude the coverage entirely.

In view of the significant adverse potential this creates, particularly in the auto dealer risk class, we need to amend our guidelines to allow the general liability coverage part only on a submit basis. Any other risk class utilizing the general liability coverage parts must also be closely scrutinized for the additional adverse potential it

too may create. Pat, Jim and Phil will also get a copy of this memo in order to comply with said change.

I believe this answers your question and provides a track for us to follow.

cc: Jack Overfelt
Bob Oakes
Pat Everman
Jim Kirby
Phil Phillips

T2-7

operations

(Logo) improvement

1-14-85

Followup sent Bob Oakes this date

1-15-85

Oakes returned to me I consulted Birch & returned to Oakes.

Ed

3-18-85 Birch saw me some days ago & said this still needs to be solved

Ed

From the Desk of Ed Mason

Check on Vermont and Pollution Liability as regards effective date and also Garage Liability

---

3-21-85

Tell Oakes there is "no problem" on the filing of the endorsement

(Logo)

INTEROFFICE MEMORANDUM

Date: March 25, 1985

To: M. KENDRICK

From: B. OAKES *R.L.O.*

Subject: Endorsements 322, and 322P (Parts Version) Vermont Pollution Liability

I'm sending you approximately 200 copies of each of these endorsements for use on U3 policies issued in Vermont. This coverage is mandated by Vermont as applicable to all General Liability coverages. I presume you've been receiving copies of all ISO bulletins since early '84. If not, write to Ed Mason for copies.

We do not have a U2 version since you told me a month ago that you only had one account with General Liability coverage. That policy should be converted to a U3 policy.

I believe it is important that you discuss these endorsements with Ed Grogan as the coverage is on a "claims made" basis – also mandated.

Ed Mason will notify you as soon as this version has been approved by the Insurance Department.

RLO/bb
cc: B. Merritt
A. Birch
E. Grogan
J. Kirby
P. Phillips
E. Mason

Ed –
Please send me copies.

/s/ MK

sent 4-2-85

MK

(Logo)

INTEROFFICE MEMORANDUM

Date: March 25, 1985

To: M. KENDRICK

From: B. OAKES *R.L.O.*

Subject: Endorsements 322, and 322P (Parts Version) Vermont Pollution Liability

I'm sending you approximately 200 copies of each of these endorsements for use on U3 policies issued in Vermont. This coverage is mandated by Vermont as applicable to all General Liability coverages. I presume you've been receiving copies of all ISO bulletins since early '84. If not, write to Ed Mason for copies.

We do not have a U2 version since you told me a month ago that you only had one account with General Liability coverage. That policy should be converted to a U3 policy.

I believe it is important that you discuss these endorsements with Ed Grogan as the coverage is on a "claims made" basis – also mandated.

Ed Mason will notify you as soon as this version has been approved by the Insurance Department.

Should you decide (at this late date) not to file, let Mike know.

Copies attached if you do file for approval.

RLO/bb
cc: B. Merritt
A. Birch
E. Grogan
J. Kirby
P. Phillips
E. Mason

Memo to file

3-28-85

Today I called Bill Giordano of ISO regarding their Vermont Contamination and Pollution Endorsements. He gave me this background. Vermont used to have an exception deleting the Pollution exclusion under General Liability. When ISO developed & filed the Pollution policy they withdrew the Vermont endorsement to General Liability restoring the exclusion.

The Dept. got flak from agents etc. and so negotiated with ISO to file the present Contamination and Poilution endorsement back in June of 1984. We finally got around to our Unicover III endorsement & are filing. Should not be a problem.

Ed M

Rough Draft of filing letter has been dictated

COMPARISON OF PRESENT FORMS OR ENDORSEMENTS WITH REVISED FORMS OR ENDORSEMENTS

CURRENT FORM
UNICOVER COVERAGE PART 950 GENERAL LIABILITY INSURANCE

INSURING AGREEMENT – WE will pay all sums the INSURED legally must pay as damages (including punitive damages where insurable by law) because of INJURY to which this Coverage Part applies, caused by an OCCURRENCE arising out of the hazard shown in the declarations:

(e) INJURY caused by the dumping, discharge, or escape of irritants, pollutants, or contaminants. This exclusion does not apply if the discharge is sudden and accidental;

"OCCURRENCE" means an accident, including continuous or repeated exposure to conditions, which results in INJURY during the Coverage Part period neither intended nor expected by the INSURED. All INJURY arising out of a continuous or repeated exposure to substantially the same general conditions will be considered as arising out of one OCCURRENCE.

PROPOSED FORM
ENDORSEMENT NO. 322 VERMONT POLLUTION AND CONTAMINATION COVERAGE COVERAGE PART 950

The following is added to the INSURING AGREEMENT:

WE will also pay all sums the INSURED legally must pay as damages because of INJURY caused by an OCCURRENCE and arising out of the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants.

Any claim for such damages must be made in writing against an INSURED and reported to US during the policy period. Any such claim shall be deemed to have been made when written notice of such claim is received by the INSURED or US, whichever comes first.

All such claims sustained by any one person or organization as the result of any one OCCURRENCE shall be deemed to have been made at the time the first of those claims is made.

Exclusion (e) is changed to read:

(e) INJURY arising out of the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acid, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants. This exclusion does not apply to the insurance afforded by this endorsement.

"OCCURRENCE" means an accident, including continuous or repeated exposure to conditions, which result in a claim for INJURY being made during the Coverage Part period neither intended nor expected by the INSURED. All INJURY arising out of a continuous or repeated exposure to substantially the same general conditions will be considered as arising out of one OCCURRENCE.

COMPARISON OF PRESENT FORMS OR ENDORSE

CURRENT FORM
UNICOVER COVERAGE PART 660 GENERAL
LIABILITY INSURANCE

INSURING AGREEMENT – WE will pay all sums the INSURED legally must pay as damages (including punitive damages where insurable by law) because of INJURY to which this Coverage Part applies, caused by an OCCURRENCE arising out of the hazard shown in the declarations:

(e) INJURY caused by the dumping, discharge, or escape of irritants, pollutants, or contaminants. This exclusion does not apply if the discharge is sudden and accidental;

"OCCURRENCE" means an accident, including continuous or repeated exposure to conditions, which results in INJURY during the Coverage Part period neither intended nor expected by the INSURED. All INJURY arising out of a continuous or repeated exposure to substantially the same general conditions will be considered as arising out of one occurrence.

PROPOSED FORM

ENDORSEMENT NO. 322P VERMONT POLLUTION AND CONTAMINATION COVERAGE COVERAGE PART 660

The following is added to the INSURING AGREEMENT:

WE will also pay all sums the INSURED legally must pay as damages because of INJURY caused by an OCCURRENCE and arising out of the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants.

Any claim for such damages must be made in writing against an INSURED and reported to US during the policy period. Any such claim shall be deemed to have been made when written notice of such claim is received by the INSURED or US, whichever comes first.

All such claims sustained by any one person or organization as the result of any one OCCURRENCE shall be deemed to have been made at the time the first of those claims is made.

Exclusion (e) is changed to read:

(e) INJURY arising out of the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acid, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants. This exclusion does not apply to the insurance afforded by this endorsement.

"OCCURRENCE" means an accident, including continuous or repeated exposure to conditions, which result in a claim for INJURY being made during the Coverage Part period neither intended nor expected by the INSURED. All INJURY arising out of a continuous or repeated exposure to substantially the same general conditions will be considered as arising out of one OCCURRENCE.

DEFENDANTS EXHIBIT CC

82-a-14
Form APA-5a

APPENDIX E

COVER SHEET FOR ADOPTED RULE

1. TITLE OR SUBJECT OF RULE: Filing and Statistical Reporting Standards
2. AGENCY: Department of Banking and Insurance
3. AGENCY'S REFERENCE NUMBER (If any): 81-3
4. SECRETARY OF STATE'S REFERENCES NUMBER FOR EARLIER PROPOSED RULE: 81-P88
5. THIS RULE TAKES EFFECT FROM April 20, 1982 THROUGH until withdrawn
6. LIST SPECIFIC STATUTORY SECTIONS GIVING AUTHORITY FOR THIS RULE: 8 VSA 101 § 3541; 127 § 4656; 3 § 75
7. DOES THIS ADOPTED RULE CONTAIN A RULE BY REFERENCE? Yes ___ No X
   If yes, attach statement required by 3 V.S.A. Section 838(d).
8. SUMMARIZE CHANGES MADE TO THIS RULE SINCE IT WAS PROPOSED
   (Attach additional sheets if necessary. If no change, write "None".)
   See Attached Sheet.
9. HAVE THE ECONOMIC COSTS AND BENEFITS OF THIS RULE CHANGED SINCE IT WAS PROPOSED? Yes ___ No X
   If yes, attach a new "Summary of Economic Impact" (Form APA2).

10. THE AGENCY COMPLETED PROCEDURAL REQUIREMENTS ON THESE DATES:

A.	Proposed rule filed with Interagency Committee on Administrative Rules	9-17-81
B.	Proposed rule filed with Secretary of State	9-17-81
C.	First publication	10-1-81
D.	Second publication	10-8-81
E.	Hearing date or dates (If applicable)	11-5-81
F.	Deadline for filing comments	11-19-81
G.	Final proposed rule filed with Legislative Council and Secretary of State	2-26-82

11. CERTIFICATION BY ADOPTING OFFICER

I have reviewed this rule. To the best of my knowledge, we in the agency have complied with all requirements of 3 V.S.A. Chapter 25 and with the rules of the Secretary of State's office and the legislative Committee on Administrative Rules issued under that chapter. This rule is the most advantageous method for achieving the regulatory purpose at the least cost.

Date: March 31, 1982

("Adopting officer" is the official empowered by statute to issue the rule; must sign personally and cannot delegate.)

Signature: /s/ George A. Chaffee

Name (Type or print): George A. Chaffee

Title: Commissioner for Banking and Insurance

12. ATTACHMENTS:

___	Summary of economic impact (Form APA-2A; if applicable)	0 pages
___	Incorporation by reference statement (Form APA-3A; if applicable)	0 page(s)
X	Adopting page (Form APA-4A)	1 page
X	Text of rule	9 page(s)
X	Other: _____	1 page(s)

Attachment

Answer to Question 8.

SUMMARIZED CHANGES MADE TO RULE 81-3

The following are the changes that have been made:

1. Section IV, 10-1-81 changed to 4-20-82.

2. Section V, paragraph (F), line 7, the word "of" changed to "or".

Section V. paragraph (F), last paragraph, the word "prevalent" changed to "prominent".

4. Section IX, the word "etc." removed and the words "rules and forms" inserted.

Section IX, the word "thereto" removed and the words "in rates and rules" inserted.

Section IX, the following two sentences have been added to the end of the second paragraph:

> "Any insurer submitting a policy(ies) or form(s) reference filing may if so described therein, automatically reference future rating organization changes or revisions to the policy(ies) or form(s) being referenced. Such a filing should clearly indicate that this is the insurer's intent."

These sentences were deleted from the last paragraph of Section IX. In other words, the sentences were moved from the last paragraph to the second paragraph in Section IX.

In Section IX, fourth paragraph, October 1, 1981 removed and April 20, 1982 inserted. In same paragraph, January 1, 1982 removed and September 1, 1982.

5. In Form 103 9/81, the indefinite article "a" removed, and the words "the immediate" inserted.

6. In Form 104 9/81, the number 300 removed and the number 105 inserted.

7. In Form 105 9/81, line 3(b), "for a" removed. Line 3(c), the word "calendar" removed. Line 10(c), the word "new" removed "and other" inserted. Line 11 was eliminated.

Form AP

APPENDIX D
VERMONT ADMINISTRATIVE RULE
ADOPTING PAGE

PLEASE DON'T WRITE IN THIS SPACE:
Effective Date: April 30,
Expiration Date:

1. TITLE OR SUBJECT:

   Filing and Statistical Reporting Standards

2. AGENCY:

   Department of Banking and Insurance

3. TYPE OF RULE

   ___ Proposed Rule

   X Adopted Rule

   ___ Emergency Rule

6. AGENCY'S REFERENCE NUMBER (If any):

   81-3

5. EFFECT ON EXISTING RULES:

   None

6. STATUTORY AUTHORITY:

   8 VSA 101 § 3541; 127 § 4656; 3 § 75

Action 1.

A new rule, Department of Banking and Insurance Regulation 81-3 entitled "Filings and Statistical Reporting Standards" is proposed to read as follows in Sections I through XIII and Attachments F 103, F 104 and F 105.

REGULATION 81-3

FILINGS AND STATISTICAL REPORTING STANDARDS

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Regulation 81-3

Filings and Statistical Reporting Standards

Section I – Purpose

The purposes of this regulation are to inform insurers of the procedures to be followed for submitting rule, rate and/or form filings to this Department, to specify those circumstances when it is not necessary to file rule, rate and/or form changes, and to clarify the statistical and experience reporting procedures this Department requires.

Section II – Authority

This regulation is issued pursuant to authority granted to the Commissioner under 8 V.S.A., Chapter 101, Subchapter 6, § 3541; Chapter 127 § 4656; and Chapter 3 § 75.

Section III – Applicability and Scope

This regulation applies to the following types of insurance, and all rules, rates, policies and forms thereof:

(A) All property and casualty insurance policies, forms, endorsements, rider, declaration pages, certificates of insurance, renewal certificates and applications, whether primary or excess, which are to constitute or become a part of an insured's contract.

(B) All policies, forms, riders, endorsements, certificates of insurance and applications, which are to constitute or become a part of an insured's contract, covering

loss or damage resulting from an accident to, or injury suffered by, an employee or other person.

(C) All other liability and worker's compensation insurance policies, forms, riders, endorsements, certificates of insurance and applications which are to constitute or become a part of the insured's contract; and which apply as excess insurance over other policies, or as excess insurance over a self-insured retention or deductible.

(D) All blank or general endorsements, manuscript policies, forms or endorsements, and all other documents which are to constitute or become a part of an insured's contract of insurance.

Section IV – Effective Date

This regulation shall apply to all filings specified herein which are made on or after April 20, 1982.

As of the effective date of this regulation and unless otherwise withdrawn, the Department is withdrawing its Bulletin Numbers 1, 2, 17, 26, 39 and 40.

Section V – Definitions

(A) All references herein to the "Department" means the Vermont Department of Banking and Insurance.

(B) "Manuscript policies, forms, endorsements" refers to those policies, forms, endorsements and every

other document which are specifically compiled or constructed to accommodate the particular or unique circumstances or insurance needs of individual risks or insureds.

(C) "Rating Organization" means any organization which is authorized to file rules, rates and/or policies, forms or endorsements on behalf of member, subscriber or other supporting insurers engaged in the business of insurance in Vermont.

(D) The phrase "File and Use" refers to the filing procedure outlined in Title 8, § 3541 (b).

(E) "Property and Casualty Insurance" includes the types and kinds of insurance outlined in Title 8, Section 3301, Subsection (a), subdivisions (3) through (10).

(F) A "Consent to Rate" filing is any filing submitted to the Department pursuant to Title 8, Section 4655(b). This procedure is designed to be used when a risk, which is not otherwise acceptable to an insurer at its standard file rates, would be written and acceptable at rates above said standard rates and/or would be acceptable if written eliminating coverage for a specified exposure(s), or subject to a non-standard coverage form. This procedure applies on an individual risk basis only.

The "Consent to Rate" filing may be submitted directly by the insurer, or by its agent with the approval of the insurer unless disapproved by the Department within 30 days.

Such a filing becomes effective as of the date that it is received by the Department, or on the date specifically requested within the filing.

The "Consent to Rate" filing form must be signed and dated by the insured and shall contain the following basic information:

1. Name and Address of the Insurance Company and Agent, if any
2. Name and Address of the Insured
3. Description and Location of the Risk
4. Effective Date Desired (Date of Department's Receipt, or Other Date)
5. Manual Premium, and Higher Premium Charged (if any)
6. Reason for Higher Premium Charged or Non-Standard Form Used
7. Description of Exposure or Coverage Eliminated (if any)
8. Insured's Signature and Date Signed
9. Name, Title and Signature of the Employee (or Agent) of the Insurance Company Attesting to the Accuracy of the Filing Submission
10. Name and Address of Broker of Record, if any

If the "Consent to Rate" filing is used in connection with any risk which is eligible for coverage under some risk sharing plan, such as the Vermont Automobile Insurance Plan, the insurer's form must contain a prominent statement advising the insured of his eligibility for coverage under that plan. Furthermore, the insured shall be informed of the insurer's premium rate under such a risk sharing plan; and it shall be clearly shown on its "Consent to Rate" form.

(G) "Rate" or "Rates" refer to the unit of insurance cost(s) and includes minimum premiums, premiums, rating plans, rating systems, tables, factors and all other elements used in computing the cost of insurance.

(H) The reference(s) to "policy and/or form" also includes an endorsement, rider and every other document comprising a part of a contract of insurance.

Section VI – General Requirements

(A) Address all rate, rule, policy and form filings to Chief of Insurance Rate Analysis, Vermont Banking and Insurance Department, 120 State Street, Montpelier, Vermont 05602.

Where a filing is to apply to more than one insurer within a group of insurers, a separate filing transmittal letter must be forwarded for each insurer within the group.

(B) The filing transmittal letter shall contain a descriptive caption. The caption shall briefly identify the line of insurance or program to which the filing pertains, such as "Businessowner Program", "Dwelling Fire", "Homeowners Program", etc. The caption shall also include a brief description of the purpose of the filing, such as "Rule Revision", "Rate Increase", etc. Where the insurer maintains a filing numbering system, it may list its filing number in the caption. All subsequent correspondence to the Department on the filing shall include the caption in the identical form as it was displayed in the original filing transmittal letter; and, in addition, shall list the date of the original filing transmittal letter (and

the Department's File Number, if known). In order to expedite the filing process and to reduce correspondence, the filing should be reasonably documented and self-explanatory. If, for example, expense ratios are in a filing, or expense ratios are requested, an explanation as to how the ratios were obtained must be provided.

(C) All rate, rule, policy and form filings (with the exception of Worker's Compensation rates, rules, policies and forms, Liability Insurance policies and forms, and Automobile Liability Insurance Rate increases of more than 10% in any year, applicable in the state as a whole or in a given rating territory) are subject to what is commonly known as "File and Use" procedures. The filing is considered officially submitted when the Department receives it. The insurer(s) may begin using the new or revised rule, rate, policy or form thirty (30) full days after its receipt by the Department, unless it is disapproved by the Department within this thirty (30)-day period. Since Vermont statutes require that certain policy form(s), rule(s) and rate(s) must be filed, the policy form(s), rule(s) or rate(s) shall not be considered filed, unless submitted in accordance with the regulation.

(D) If an insurer or other filer wishes written confirmation of the Department's receipt of a filing, and has enclosed an extra copy of the filing transmittal letter (and a postage paid self-addressed return envelope), the Department will return the extra copy of the filing transmittal letter stamped "Received" with the date, "State of Vermont Division of Insurance". This letter shall also contain the signature of the person with the Department who is responsible for reviewing the filing. Unless disapproved the filing may be used immediately after said

thirty (30)-day waiting period, or any time thereafter if so specified in the filing. In any event, the Department must be informed of the actual date the filed changes will be used by the insurer(s).

(E) When an insurer or other filer submits a rule, policy or form filing, the transmittal letter therefor (or a separate filing memorandum) shall state how the rule, policy or form will be used; such as: optional at the request of the insured, optional at the discretion of the insurer, or obligatory for all eligible insureds. Should the insurer or other filer subsequently wish to change the application and/or use of the rule, policy or form, a new filing, describing the change in the application and/or use of same, must be submitted.

(F) All filed changes must specify the contemplated effective dates therefor; which may be either thirty (30) days after the date it is received by the Department or a date subsequent thereto.

(G) Any employee of an insurer may submit a filing on its behalf, provided that the filing is described upon the insurer's official stationery. Filings, other than "Consent to Rate" filings, which are submitted on behalf of an insurer by any other person or organization will be accepted only if the Department has on file a currently effective authorization for same which is signed by an officer of the insurer. Such an authorization must clearly indicate the extent of the filing agent's authority to act on behalf of the insurer. Unless the authorization contains an expiration date, it will be considered valid until withdrawn in writing by an officer of the insurer. Any agent or employee submitting "Consent to Rate" type filings on

behalf of the insurer will be considered to have the authority to do so. It is not necessary for an insurer to file a letter of authority on behalf of an agent with respect to submissions of "Consent to Rate" filings.

(H) Each policy, form and/or endorsement filing submission shall be accompanied by a completed copy of the "Form Filing Summary Sheet", F 103, attached hereunder. However, if the filing contains more than one policy, form or endorsement, or revision thereof, a narrative summary sheet may be completed describing and detailing each element of the filed changes; provided that the narrative includes at least all the information elicited by the "Form Filing Summary Sheet" (F 103).

(I) Each rate or rule filing submission shall be accompanied by a completed copy of the "Rate or Rule Filing Summary Sheet", F 104, attached hereunder. If the filing contains more than one rule or kind of rate, or revision thereof, a narrative summary sheet may be completed describing each element of the filed changes provided that it contains at least all the information elicited by the "Rate or Rule Filing Summary Sheet" (F 104).

(J) Each property or casualty rate filing submission proposing to effect a total annual increase of $50,000 or more in premium income, in the State of Vermont, must be accompanied by a completed copy of the "Supplemental Rate Filing Information Form", F 105, attached hereunder. Furthermore, a completed copy of this Supplemental Form (F 105) must accompany each Private Passenger Automobile Insurance rate filing submission,

regardless of its proposed economic impact. This requirement shall not apply to any line of insurance not listed on the first page of Form F 105, attached to this regulation.

(K) Each filing of a revised rule(s), policy(ies) or form(s) which replace an existing edition shall [bracket] the words to be deleted and underline the words that are being proposed. If an entire paragraph, page, form or policy is proposed to be changed, both the present and the proposed matter must be displayed in a side-by-side comparison. In every instance, the filing must fully describe the intent and every reasonably anticipated effect of the revised rule(s), policy(ies), or form(s) for the State of Vermont.

(L) No policy, form or endorsement filing submission shall include any condition, clause or provision which is contrary to Vermont statute or has otherwise been held to be contrary to law or invalid in the State of Vermont; unless same is specifically and prominently described as such within the filing and the final printed version of the policy, form or endorsement.

(M) All filings of proposed rate, rule, policy or form changes must be submitted in an easily readable condition. Printer's proofs, typewritten or photostatic copies, or other legible copy is permitted. It is not necessary to file final printed copies of rule(s), rate(s) or form(s), if the content of the actual final printed copies is identical with the content of the original copies filed, unless specifically requested by the Department.

(N) Any insurer doing business as a member of an underwriting group or association, and using special rules, rates, policies and/or forms which differ from the

rules, rates, policies and forms it would otherwise use to insure the same class or type of risk (when not participating as a member in the underwriting group or association), must file such special rules, rates, policies and forms with the Department, or designate an authorized agent to file same on its behalf. These special rules, rates, policies and forms may only be used when insuring risks through or with the underwriting group or association.

(O) Title 8, Section 3367 (entitled "Retaliatory Provisions") of the Vermont Statutes requires the Department to collect rate, rule, and/or policy or form filing fees from foreign or alien insurers, if the state or country in which they are domiciled imposes such (and larger) fees upon Vermont's domestic insurers. Accordingly, each domestic insurer of any other state or jurisdiction which requires such fees shall likewise remit a like filing fee (in the form of a check made payable to the Vermont Department of Banking and Insurance) together with each original filing submitted. The insurer shall also represent and certify that the fee payment remitted is the same amount required by its domiciliary state or jurisdiction.

The filing may not become effective until the fee is received by the Department.

(P) Where, in the determination of the Commissioner, a filing does not include sufficient statistical or classification loss and expense experience data base to allow for the establishment of a rate(s), form(s), or rule(s), which is just, reasonable and adequate, the Commissioner may require the filer to supplement its filing with the loss and expense experience data of other insurers. Such other insurers shall provide the requested

data to the Department in the form and manner prescribed by the Commissioner.

Section VII – Deviations from Rates, Rating Plans or Rating Schedules of a Rating Organization

An insurer must support any deviation from the rates, rating plans and rating schedules filed by a rating organization by the submission of a filing which statistically documents or otherwise justifies the variation from the rating organization's filings. Such a deviation shall apply indefinitely, unless there is a pre-established termination date specified in the insurer's filings; or until it is replaced or withdrawn.

The term "deviation" does not apply to policy form or non-rating rule filings. An insurer shall not use the term "deviation" in a filing submission unless it has authorized a rating organization to submit filings of rates, rating plans or rating schedules on its behalf; and it is actually deviating from said rates, rating plans or rating schedules.

Section VIII – Exceptions to Rating Organization Submissions

An insurer who has authorized a rating organization to submit rate, rule, policy and/or form filings on its behalf may submit exceptions to that filing authorization for Departmental consideration in connection with any insurance program, rule, rate(s), policy, form and/or line of insurance, or combination of any of these. The insurer may not use the insurance program, rule, rate(s), policy

or form which was filed by the rating organization in its behalf, on and after the effective date of its exception filing. Consequently, all subsequent revisions to the excepted rule, rate(s), etc., which are submitted by the rating organization, will not apply on behalf of such an insurer.

Such an exception filing applies indefinitely, unless there is a pre-established termination date specified in the filing; or until it is replaced or withdrawn.

Section IX – Reference Filing Submissions

An insurer who has not authorized a rating organization to submit filings on its behalf may propose to use the filed rates, rules and forms thereof by reference filing(s). This reference procedure does not require such an insurer to file with this Department the actual rate(s), rule(s), policy(ies) and/or form(s) being referenced.

Such a referenced filing procedure shall only be applied to the rate(s), rule(s), policy(ies) or form(s) submissions in effect at the time of the actual reference filing; and in no event may such a reference filing apply to any future filings of changes in rates or rules which are submitted by the rating organization. A new reference filing must be made in order to lawfully use any referenced rule(s) or rate(s) which has subsequently been revised. Any insurer submitting a policy(ies) or form(s) reference filing may, if so described therein, automatically reference future rating organization changes or revisions to the policy(ies) or form(s) being referenced. Such a filing should clearly indicate that this is the insurer's intent.

A reference filing is considered to be an independent filing, except as noted herein. Reference filings are not permitted if the rules and/or rates being referenced were filed by a rating organization, unless the insurer also reports its classified statistics in a form and manner acceptable to the Commissioner.

Any insurer which has submitted rate and/or rule reference filings prior to April 20, 1982 under which its reference filing automatically applies for, or to, changes or revisions in the underlying referenced filing, shall resubmit the reference filing in accordance herewith as soon as possible (no later than September 1, 1982).

All that is needed for a reference filing is an official letter (and copy thereof) from the insurer (together with a postage paid self-addressed return envelope) containing a clear and precise statement therein describing the rule(s), rate(s), policy(ies), form(s), programs, etc., that are being adopted by reference by the insurer, including its justification for adopting same.

Such reference filings may be submitted without including copies of the actual referenced materials (or Forms F 103, F 104, or F 105, or a narrative summary).

Section X – Simplification, Delineation and Explanation Procedures for Filing Submission

Each filing submission, regardless of its type, content or proposed affect, shall be expressed in a language and mathematical form which is reasonably understandable. Every element or procedure contained in the filing shall be completely, clearly, and conspicuously explained. This

requirement applies to each assumption, underlying theory, equation, mathematical or actuarial formula, determination, calculation or criterion, and every other empirical or judgmental determination or premise embraced within the filing submission.

Recognizing the possible additional informational content resulting from each filer's compliance with this requirement (for each and every filing submission), it is permissible for the filer to compile under a separate and single loose-leaf publication all such information, in the form and substance described above, as is common to the various filings that it submits to this Department. Such a compilation will be retained in the Department's offices and must be updated concurrently with the individual filing submissions of the filer, as its filing actions so dictate. Three copies of each such compilation, and all updates thereto, must be filed with this Department.

Section XI – Exceptions to this Regulation

(A) It is not necessary to submit rates, rules, policy(ies) or forms filings to the Department under the following circumstances:

1. If the property and casualty insurance premiums for and individual insured, exclusive of worker's compensation insurance, is in excess of $100,000 per year. This exception does not apply to group policies, mass merchandising groups, safety groups, or similar group insurance arrangements.

2. If the policy is issued subject to a deductible of $100,000 or more per year; which is not

insured separately and which amount is self-insured or retained by the insured. This exception does not include any group policy, safety group policy, mass merchandising group, or similar group insurance arrangement, or any worker's compensation policy.

3. If the only change(s) on a policy, form or endorsement is its title, reference number and/or edition date. The insurer shall maintain a list of its policy, form and endorsement reference numbers and edition dates in its offices. The list should contain all replaced reference numbers and edition dates, together with the current number and edition date and a brief description of the policy, form or endorsement.

4. If the only change involves the size or color of the manual page(s) or policy, form or endorsement; or the size of type (providing the minimum size of the type shall be at least 10-point type).

5. If the policy, form, endorsement, rate or rule change(s) consists of transposing or relocating text from one location or position therein to another; providing that the established substance or meaning has not been affected by the change.

6. If the only change in the policy, form, or endorsement is the method of reprinting or reproducing same; or only involves changing the "jacket" of the policy (e.g. placing pictures or logos on the policy "jacket"), changing the shape of a policy, form or endorsement or changing the names of authorized signatures on the policy.

7. For any combination of changes outlined in paragraphs 3 through 6.

8. Policy forms covering unique or unusual risks or exposures. Examples of an unusual risk would be: nuclear power plants, space satellites or a suspension bridge. Example of an unusual exposure would be strike insurance or the exposure of a firm offering the services of professional divers, or stunt men. It is not appropriate to list all unique or unusual exposures and the listed risks and exposures are given by way of examples.

9. Coverage on risks and exposures usually considered to be wet marine.

10. Policies covering specially rated inland marine risks. Specially rated means unique or one of a kind policy(ies).

11. Renewal certificates providing that coverage has not changed. If any change is made to the renewal certificate which broadens or restricts coverage, it must have been filed.

(B) It is not necessary to file with the Department, the particular exceptions listed in a title insurance policy by an insurer, if the exposures or defects being excepted were discovered by an insurer after inspection of the title, and it determined that they were uninsurable at the filed rate; or unless special requirements would have to be imposed in order to insure such exposures or defects.

However, it is necessary to file the standard or common exceptions and exclusions included in the majority of title policies issued by a title insurer covering titles in

Vermont. These exceptions and exclusions shall be preprinted in the policy (or an endorsement) and are subject to the usual filing requirements.

Section XII – Rating Organization Filing Submission

An insurer who has authorized a rating organization to submit rule(s), rate(s), policy(ies) and form(s) filings on its behalf may establish its own effective date for its adoption and use of a rating organization filing submission, for up to six months from the effective date otherwise established for the filing, without prior approval from this Department. The Department must be so notified for informational purposes only. The insurer must forward an official notification letter (one copy for each affected company within an insurer group) and a postage paid self-addressed return envelope. The Department will return a copy of the letter stamped "Received".

Any insurer not electing to adopt a rating organization filing shall be considered as having adopted an independent filing on its own; and is, thereafter, individually subject to Vermont's statutory and regulatory filing requirements. Furthermore, such an insurer must inform the Department in writing that its filing authorization with the rating organization has been so changed.

Section XIII – Severability

If any section of this regulation, or the application thereof to any person or situation, is held to be invalid,

the remainder of this regulation shall not be effected hereby.

/s/ George A Chaffee
GEORGE A. CHAFFEE
COMMISSIONER OF BANKING AND INSURANCE

F 103 9/81

VERMONT DEPARTMENT OF INSURANCE

Form Submission – Summary Sheet

Required Filing Information

Date of Filing: _____

Insurance Company or
Rating Organization: _____

Form No./Ed. Date: [ ] New [ ] Revision [ ] Edition No. _____

Attaches to: _____
(Type of policy or coverage part)

Presently filed rates and rules are to be used with this form filing?

[ ] Yes [ ] No (Explain) _____

_____

Please describe/respond: _____

_____

Purpose and Use of Form? _____

Is it Mandatory or Optional? (Explain) _____

_____

Broadens Coverage? (Explain) _____

Restricts Coverage? (Explain) _____

Revision of: _____

(if form is different from the immediate previous edition, explain the difference in detail – attach additional sheets as needed)

_____

_____

Company – Please complete the required number of copies of this form. Two completed copies must accompany every policy, form or endorsement filing made with the Vermont Insurance Department.

_____

FOR DEPARTMENTAL USE ONLY – DO *NOT* COMPLETE

Date Filed: _____ Date Received: _____

Dept. File No. _____ Date Approved: _____

Effective Date: _____

F 104 9/81

VERMONT DEPARTMENT OF INSURANCE

Rate and/or Rule Submission – Summary Sheet

Required Filing Information

Date of Filing: _____ Proposed Eff. Dates:

(New Bus.) _____

(Renewal Bus.) _____

Insurance Company or
Rating Organization: _____

Identification: _____
(Filing Number and Description of Change)

Attach Supplement Form F 105 furnishing detailed information as required by Vermont Filing Regulation.

Overall Premium % Changes: Increase ; Decrease ; Other_____

Policy(ies), Form(s) and/or Endorsement(s) to be used in conjunction with this filing: [ ] As previously filed; [ ] Other (Describe): _____

_____

Estimated % or number of Vermont policy holders affected _____%

Estimated $ premium impact for Vermont _____.

Company – Please complete the required number of copies of this form. Two completed copies must accompany every rate and or rule filing made with the Vermont Insurance Department.

FOR DEPARTMENTAL USE ONLY – DO *NOT* COMPLETE

Date Filed: _____ Date Received: _____

Dept. File No. _____ Date Approved: _____

Effective Date: _____

F 104 9/81

Form F 105

This form is required by Regulation 81-3, Section VI(J). Use this form for the following lines:

Private Passenger Automobile Liability
Private Passenger Automobile Physical Damage
Commercial Automobile Liability
Commercial Automobile Physical Damage
Homeowners Multiple Line
Farmowners Multiple Line
Commercial Multiple Line
Commercial Fire and Allied Lines
Liability Other than Automobile

F 105 9/81

STATE OF VERMONT
RATE FILING GENERAL INFORMATION

1. Date Filed: _____ Proposed Effective Date: _____
2. a) Company name (or companies) _____
   b) Group name (if applicable) _____
3. a) Line(s), Sub-line(s) affected _____ Policy term: _____
   b) Annual Statement Line of Business _____
   c) Earned premium (latest year available) for:

	Vermont	Countrywide
3(a)		
3(b)		

4. a) If affiliated with a rating organization for Vermont business, list name: _____
   b) Affiliation Status for 4(a): _____
5. Estimated premium effect of this filing by sub-line:

Coverage	Written Premium*	% Change Requested	Annual Premium Change

*Use EXP if W/P is not available

6. Components of rate level change(s):

Coverage	Proposed Rate Level Change(s)	Indicated Rate Level Change(s)	Rate Level Change Components* (a) Rate Change	(b) _____	(c) _____	(d) _____

*Describe components: of proposed change, e.g. class changes, increased limits changes, deductibles, age and symbols, policy coverage, rules, etc.

7. List rate level changes for last five (5) years for line(s) of business affected by this filing:

Individual Coverage	Effective Date	% Change	Description of Change

8. Number of Vermont policies or (exposure units) written in each of last five (5) years:

	Estimated # of Policies*	% Change
5th Prior Year 19__		
4th Prior Year 19__		
3rd Prior Year 19__		
2nd Prior Year 19__		
1st Prior Year 19__		

*If the number of policies is not available, use the number of exposure units. Example: Private Passenger Automobile – Car Years, Homeowners House Years.

9. Annual Statement Experience: Page 14 information for line(s) impacted by this filing.*

	Vermont				Countrywide			
	Earned Premium	Incurred Losses	Change in IBNR**	Loss Ratio	Earned Premium	Incurred Losses	Change in IBNR	Loss Ratio
5th Prior Year 19__								
4th Prior Year 19__								
3rd Prior Year 19__								
2nd Prior Year 19__								
1st Prior Year 19__								
Months 19__								

*If a rating organization cannot obtain all the data from all its members, please complete paragraph 9 with the data available, and submit a list of companies whose data is not included.

**This column does not have to be completed by rating organizations.

10. Insurance Expense Exhibit Part II incurred Ratios (%) for the Line of Business in (9) above:

	Percentage Annual					
	19__	19__	19__	19__	19__	Budget*
(a) Line 5 – Loss Adjustment Expense						
(b) Line 19 – Comm. & Brokerage						
(c) Line 20 – Other Acquisition						
(d) Line 21 – General						
(e) Line 22 – Taxes, etc.						
(f) SUBTOTAL (sum (a)-(e))						
(g) Vermont Loss Ratio (Ques. (9))						
(h) Combined Ratio (f) & (g)						
(i) Line 13 – Net Investment Gain/Loss						

*If included as percentage to vary premium.

11. Rating organizations should complete paragraphs (9) and (10) by using data from only those members and subscribers who have authorized them to file rates in Vermont.

DEFENDANT'S EXHIBIT KK

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we," "us" and "our" refer to the company providing this insurance

The word "insured" means any person or organization qualifying as such under WHO IS AN INSURED (SECTION II).

Other words and phrases that appear in quotation marks have special meaning. Refer to DEFINITIONS (SECTION V).

SECTION I – COVERAGES

COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY

1. Insuring Agreement.

    a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend any "suit" seeking those damages. We may

at our discretion investigate any "occurrence" and settle any claim or "suit" that may result. But:

(1) The amount we will pay for damages is limited as described in LIMITS OF INSURANCE (SECTION III); and

(2) Our right and duty to defend and when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under SUPPLEMENTARY PAYMENTS – COVERAGES A AND B.

b. This insurance applies to "bodily injury" and "property damage" only if:

(1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory;" and

(2) the "bodily injury" or "property damage" occurs during the policy period.

c. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury."

2. Exclusions.

This insurance does not apply to:

a. "Bodily injury" or "property damage" expected or intended from the standpoint of

the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

b. "Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages.

(1) Assumed in a contract or agreement that is an "insured contract," provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement; or

(2) That the insured would have in the absence of the contract or agreement.

c. "Bodily injury" or "property damage" for which any insured may be held liable by reason of:

(1) Causing or contributing to the intoxication of any person;

(2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or

(3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you:

(1) Manufacture, sell or distribute alcoholic beverages;

(2) Serve or furnish alcoholic beverages for a charge whether or not such activity:

(a) requires a license;

(b) is for the purpose of financial gain or livelihood; or

(3) Serve or furnish alcoholic beverages without a charge, if a license is required for such activity.

d. Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

e. "Bodily injury" to:

(1) An employee of the insured arising out of and in the course of employment by the insured; or

(2) The spouse, child, parent, brother or sister of that employee as a consequence of (1) above.

This exclusion applies:

(1) Whether the insured may be liable as an employer or in any other capacity; and

(2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract."

f. (1) "Bodily injury" or "property damage" arising out of the actual alleged or threatened discharge, dispersal, seepage, migration, release or escape of pollutants:

(a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to any insured;

(b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;

(c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for any insured or any person or organization for whom you may be legally responsible, or

(d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations:

(i) if the pollutants are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor, or

(ii) if the operations are to test for monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of pollutants.

Subparagraphs (a) and (d)(i) do not apply to "bodily injury" or "property damage" arising out of heat, smoke or fumes from a hostile fire.

As used in this exclusion, a hostile fire means one which becomes uncontrollable or breaks out from where it was intended to be.

(2) Any loss, cost or expense arising out of any:

(a) Request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of pollutants; or

(b) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of pollutants.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed

g. "Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use

includes operation and "loading or unloading."

This exclusion does not apply to:

(1) A watercraft while ashore on premises you own or rent;

(2) A watercraft you do not own that is:

(a) Less than 26 feet long; and

(b) Not being used to carry persons or property for a charge;

(3) Parking an "auto" on, or on the ways next to, premises you own or rent provided the "auto" is not owned by or rented or loaned to you or the insured;

(4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or

(5) "Bodily injury" or "property damage" arising out of the operation of any of the equipment listed in paragraph f.(2) or f.(3) of the definition of "mobile equipment" (Section V8).

h. "Bodily injury" or "property damage" arising out of.

(1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or

(2) The use of "mobile equipment" in, or while in practice or preparation for, a prearranged racing, speed or demolition contest or in any stunting activity.

i. "Bodily injury" or "property damage" due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.

j. "Property damage" to:

(1) Property you own, rent, or occupy;

(2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;

(3) Property loaned to you;

(4) Personal property in the care, custody or control of the insured;

(5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or

(6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraph (2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph (5) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard."

k. "Property damage" to "your product" arising out of it or any part of it.

l. "Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard."

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

m. "Property damage" to "impaired property" or property that has not been physically injured arising out of:

(1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work;" or

(2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

n. Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

(1) "Your product;"

(2) "Your work;" or

(3) "Impaired property;"

If such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

o. "Bodily injury" arising out of any:

(1) Refusal to employ;

(2) Termination of employment;

(3) Coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or other employment-related practices, policies, acts or omissions; or

(4) Consequential "bodily injury" as a result of (1) through (3) above.

This exclusion applies whether the insured may be held liable as an employer or in any other capacity and to any obligation to share damages with or to repay someone else who must pay damages because of the injury.

Exclusions c through n do not apply to damage by fire to premises rented to you. A separate limit of insurance applies to this coverage as described in LIMITS OF INSURANCE (SECTION III).

COVERAGE B. PERSONAL AND ADVERTISING INJURY LIABILITY

1. Insuring Agreement.

   a. We will pay those sums that the insured becomes legally obligated to pay at damages because of "personal injury" or "advertising injury" to which this coverage part applies. We will have the right and duty to defend any "suit" seeking those damages. We may at our discretion investigate any "occurrence" or offense and settle any claim or "suit" that may result. But:

      (1) The amount we will pay for damages is limited as described in LIMITS OF INSURANCE (SECTION III); and

      (2) Our right and duty to defend and when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverage A or B or medical expenses under Coverage C.

      No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under SUPPLEMENTARY PAYMENTS – COVERAGES A AND B.

   b. This insurance applies to:

      (1) "Personal injury" caused by an offense arising out of your business, excluding advertising, publishing, broadcasting or telecasting done by or for you:

      (2) "Advertising injury" caused by an offense committed in the course of advertising your goods, products or services,

but only if the offense was committed in the "coverage territory" during the policy period.

2. Exclusions.

This insurance does not apply to

a. "Personal injury" or "advertising injury"

(1) Arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity

(2) Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period.

(3) Arising out of the willful violation of a penal statute or ordinance committed by, or with the consent of the insured or

(4) For which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

b. "Advertising injury" arising out of:

(1) Breach of contract, other than misappropriation of advertising ideas under an implied contract;

(2) The failure of goods, products or services to conform with advertised quality or performance.

(3) The wrong description of the price of goods, products or services, or

(4) An offense committed by an insured whose business is advertising, broadcasting, publishing or telecasting.

c. "Personal injury" arising out of any:

(1) Refusal to employ;

(2) Termination of employment;

(3) Coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or other employment-related practices, policies, acts or omissions; or

(4) Consequential "personal injury" as a result of (1) through (3) above.

COVERAGE C. MEDICAL PAYMENTS

1. Insuring Agreement.

a. We will pay medical expenses as described below for "bodily injury" caused by an accident:

(1) On premises you own or rent;

(2) On ways next to premises you own or rent; or

(3) Because of your operations; provided that:

(1) The accident takes place in the "coverage territory" and during the policy period;

(2) The expenses are incurred and reported to us within one year of the date of the accident, and

(3) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:

(1) First aid at the time of an accident;

(2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and

(3) Necessary ambulance, hospital, professional nursing and funeral services.

2. Exclusions.

We will not pay expenses for "bodily injury"

a. To any insured.

b. To a person hired to do work for or on behalf of any insured or a tenant of any insured

c. To a person injured on that part of premises you own or rent that the person normally occupies.

d. To a person, whether or not an employee of any insured, if benefits for the "bodily injury" are payable or must be provided under a worker's compensation or disability benefits law or a similar law.

e. To a person injured while taking part in athletics.

f. Including within the "products-completed operations hazard."

g. Excluded under Coverage A.

h. Due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution.

SUPPLEMENTARY PAYMENTS-COVERAGES A AND B

We will pay, with respect to any claim or "suit" we defend:

1. All expenses we incur.

2. Up to $250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.

3. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.

4. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit," including actual loss of earnings up to $100 a day because of time off from work.

5. All costs taxed against the insured in the "suit."

6. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.

7. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

SECTION II – WHO IS AN INSURED

1. If you are designated in the Declarations as:

   a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.

   b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.

   c. An organization other than a partnership or joint venture, you are an insured. Your executive officers and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.

2. Each of the following is also an insured:

   a. Your employees, other than your executive officers, but only for acts within the scope of their employment by you. However, no employee is an insured for:

      (1) "Bodily injury" or "personal injury" to you or to a co-employee while in the course of his or her employment, or the spouse, child, parent, brother or sister of that co-employee as a consequence of such "bodily injury" or "personal injury" or for any obligation to share damages with or repay someone else who must pay damages because of the injury; or

      (2) "Bodily injury" or "personal injury" arising out of his or her providing or failing to provide professional health care services, or

(3) "Property damage" to property owned or occupied by or rented or loaned to that employee, any of your other employees, or any of your partners or members (if you are a partnership or joint venture).

b. Any person (other than your employee), or any organization while acting as your real estate manager.

c. Any person or organization having proper temporary custody of your property if you die, but only:

(1) With respect to liability arising out of the maintenance or use of that property, and

(2) Until your legal representative has been appointed.

d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.

3. With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to

a. "Bodily injury" to a co-employee of the person driving the equipment; or

b. "Property damage" to property owned by, rented to, in the charge of or occupied by you or the

employer of any person who is an insured under this provision.

4. Any organization you newly acquire or form, other than a partnership or joint venture, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:

   a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;

   b. Coverage A does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and

   c. Coverage B does not apply to "personal injury" or "advertising injury" arising out of an offense committed before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership or joint venture that is not shown as a Named Insured in the Declarations.

SECTION III – LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:

   a. Insureds;

   b. Claims made or "suits" brought; or

   c. Persons or organizations making claims or bringing "suits."

2. The General Aggregate Limit is the most we will pay for the sum of

   a. Medical expenses under Coverage C;

   b. Damages under Coverage A, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard," and

   c. Damages under Coverage B.

3. The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage A for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard."

4. Subject to 2 above, the Personal and Advertising Injury Limit is the most we will pay under Coverage B for the sum of all damages because of all "personal injury" and all "advertising injury" sustained by any one person or organization.

5. Subject to 2 or 3, above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:

   a. Damages under Coverage A; and

   b. Medical expenses under Coverage C

   because of all "bodily injury" and "property damage" arising out of any one "occurrence."

6. Subject to 5, above, the Fire Damage Limit is the most we will pay under Coverage A for damages because of "property damage" to premises rented to you arising out of any one fire.

7. Subject to 5, above, the Medical Expense Limit is the most we will pay under Coverage C for all medical

expenses because of "bodily injury" sustained by any one person.

The limits of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS

1. Bankruptcy.

   Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

2. Duties In The Event Of Occurrence, Claim Or Suit.

   a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:

      (1) How, when and where the "occurrence" or offense took place;

      (2) The names and addresses of any injured persons and witnesses; and

      (3) The nature and location of any injury or damage arising out of the "occurrence" or offense

   b. If a claim is made or "suit" is brought against any insured, you must:

(1) Immediately record the specifics of the claim or "suit" and the date received, and

(2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

c. You and any other involved insured must:

(1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit;"

(2) Authorize us to obtain records and other information;

(3) Cooperate with us in the investigation, settlement or defense of the claim "suit;" and

(4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.

d. No insureds will, except at their own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. Legal Action Against Us.

No person or organization has a right under this Coverage Part:

a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or

b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an

insured obtained after an actual trial; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

4. Other Insurance.

If other valid and collectible insurance is available to the insured for a loss we cover under Coverages A or B of this Coverage Part our obligations are limited as follows:

a. Primary Insurance

This insurance is primary except when b. below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in c. below.

b. Excess Insurance

This Insurance is excess over any of the other insurance, whether primary, excess, contingent or on any other basis:

(1) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work;"

(2) That is Fire insurance for premises rented to you; or

(3) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion g. of Coverage A (Section I).

When this insurance is excess, we will have no duty under Coverage A or B to defend any claim or "suit" that any other insurer has a duty to defend. If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

(1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and

(2) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

c. Method of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

5. Premium Audit.

   a. We will compute all premiums for this Coverage Part in accordance with our rules and rate.

   b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period. Audit premiums are due and payable on notice to the first Named Insured. If the sum of the advance and audit premiums paid for the policy term is greater than the earned premium, we will return the excess to the first Named Insured.

   c. The first Named Insured must keep records of the information we need for premium computation and send us copies at such times as we may request.

6. Representations.

   By accepting this policy, you agree:

   a. The statements in the Declarations are accurate and complete;

   b. Those statements are based upon representations you made to us; and

   c. We have issued this policy in reliance upon your representations.

7. Separation Of Insureds.

   Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

   a. As if each Named Insured were the only Named Insured; and

b. Separately to each insured against whom claim is made or "suit" is brought.

8. Transfer Of Rights Of Recovery Against Others To Us.

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

9. When We Do Not Renew.

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

SECTION V – DEFINITIONS

1. "Advertising injury" means injury arising out of one or more of the following offenses

a. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;

b. Oral or written publication of material that violates a person's right of privacy;

c. Misappropriation of advertising ideas or style of doing business; or

d. Infringement of copyright, title or slogan.

2. "Auto" means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including

any attached machinery or equipment. But "auto" does not include "mobile equipment."

3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.

4. "Coverage territory" means:

   a. The United States of America (including its territories and possessions), Puerto Rico and Canada;

   b. International waters or airspace, provided the injury or damage does not occur in the course of travel or transportation to or from any place not included in a. above; or

   c. All parts of the world if:

      (1) The injury or damage arises out of:

         (a) Goods or products made or sold by you in the territory described in a. above; or

         (b) The activities of a person whose home is in the territory described in a. above, but is away for a short time on your business; and

      (2) The insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in a. above or in a settlement we agree to.

5. "Impaired property" means tangible property, other than "your product" or "your work" that cannot be used or is less useful because:

   a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous, or

   b. You have failed to fulfill the terms of a contract or agreement.

if such property can be restored to use by:

a. The repair, replacement, adjustment or removal of "your product" or "your work;" or

b. Your fulfilling the terms of the contract or agreement.

6. "Insured contract" means:

a. lease of premises;

b. A sidetrack agreement.

c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad:

d. An obligation as required by ordinance to indemnify a municipality, except in connection with work for a municipality;

e. An elevator maintenance agreement.

f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

An "insured contract" does not include that part of any contract or agreement:

a. That indemnifies any person or organization for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;

b. That indemnifies an architect, engineer or surveyor for injury or damage arising out of:

(1) Preparing, approving or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications, or

(2) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage;

c. Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in b. above and supervisory inspection or engineering services; or

d. That indemnifies any person or organization for damage by fire to premises rented or loaned to you.

7. "Loading or unloading" means the handling of property:

a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto."

b. While it is in or on an aircraft, watercraft or "auto;" or

c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto"

8. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

   a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;

   b. Vehicles maintained for use solely on or next to premises you own or rent;

   c. Vehicles that travel on crawler treads;

   d. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:

      (1) Power cranes, shovels, loaders, diggers or drills, or

      (2) Road construction or resurfacing equipment such as graders, scrapers or rollers;

   e. Vehicles not described in a., b., c. or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:

      (1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or

      (2) Cherry pickers and similar devices used to raise or lower workers;

   f. Vehicles not described in a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo.

   However, self-propelled vehicles with the following types of permanently attached equipment are

not "mobile equipment" but will be considered "autos:"

(1) Equipment designed primarily for:

(a) Snow removal;

(b) Road maintenance but not construction or resurfacing;

(c) Street Cleaning;

(2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and

(3) Air compressors, pumps and generators, including straying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

9. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

10. "Personal injury" means injury, other than "bodily injury," arising out of one or more of the following offenses:

a. False arrest, detention or imprisonment.

b. Malicious prosecution.

c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies by or on behalf of its owner, landlord or lessor;

d. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or

e. Oral or written publication of material that violates a person's right of privacy.

11. a. "Products-completed operations hazard" includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:

(1) Products that are still in your physical possession; or

(2) Work that has not yet been completed or abandoned.

b. "Your work" will be deemed completed at the earliest of the following times:

(1) When all of the work called for in your contract has been completed.

(2) When all of the work to be done at the site has been completed if your contract calls for work at more than one site.

(3) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

c. This hazard does not include "bodily injury" or "property damage" arising out of:

(1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle created by the "loading or unloading" of it;

(2) The existence of tools, uninstalled equipment or abandoned or unused materials;

(3) Products or operations for which the classification in this Coverage Part or in our manual of rules includes products or completed operations.

12. "Property damage" means:

a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or

b. Loss of use of tangible property that is not physically injured. All such loss shall be deemed to occur at the time of the "occurrence" that caused it.

13. "Suit" means a civil proceeding in which damage because of "bodily injury," "property damage," "personal injury" or "advertising injury" to which this insurance applies are alleged. "Suit" includes:

a. An arbitration proceeding in which such damages are claimed and to which you must submit or do submit with our consent; or

b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which you submit with our consent.

14. "Your product" means:

a. Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:

(1) You;

(2) Others trading under your name, or

(3) A person or organization whose business or assets you have acquired, and

b. Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

"Your product" includes:

a. Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product," and

b. The providing of or failure to provide warnings or instructions

"Your product" does not include vending machines or other property rented to or located for the use of others but not sold.

15. "Your work" means:

a. Work or operations performed by you or on your behalf; and

b. Materials, parts or equipment furnished in connection with such work or operations.

"Your work" includes:

a. Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work;" and

b. The providing of or failure to provide warnings or instructions.

* * *

[p. 27] PAUL A. CANDAGE,

being first duly sworn by the Courtroom Deputy, was examined and testified as follows:

DIRECT EXAMINATION

BY MS. McANDREW:

Q Will you state your name, please?

A Paul Candage.

Q And how are you employed, Mr. Candage?

A I am an insurance analyst with the Department of Banking and Insurance.

Q How long have you been an insurance analyst with the department?

A Ten years next month.

[p. 28] Q Did you have some prior insurance experience before you came to the Vermont Department?

A Yes, I did.

Q Where was that?

A I was an insurance adjuster for ten years, between 1961 – well, nine years – 1961 to 1980. That's 1970.

Q That sounds like more than nine years to me.

A Nine and a half actually.

Q From 1970 to 1980, and then you came to the department?

A No, then I – I was with the Department of Labor and Industries for ten years.

Q That was prior to being an insurance adjuster?

A No. The insurance adjuster was first. The Department of Labor and Industry was next, and in 1980 I came with the Department of Banking and Insurance.

Q Okay. Does your job as an insurance analyst at the department require you to examine forms and rates and rules filed by insurance companies?

A Yes, it does.

Q And then do you also either approve or disapprove of these various filings?

A Yes.

Q Has that been your job all along?

A Yes, it has.

* * *

[p. 37] Q Did you or any member of the department, to your knowledge, ever send a generalized notice to insurance carriers with respect to what your department's position was on the pollution exclusion?

A Not to my knowledge.

Q Have you had an opportunity in the last several weeks or months or even years in connection with several of these [p. 38] pending cases to go back through the department's files and see what you can come up with with respect to the pollution exclusion question?

A To review previously handled fillings? Looking for this?

Q No, I didn't mean individual filings. I meant department files that would contain any notices or memoranda or internal writings that related to this general question of the pollution exclusion.

A Yes.

* * *

[p. 39] Q Was there anything in any of those filings that – I'm sorry, in any of those files, that indicated that anything went out generally to insurance companies licensed to do business in Vermont?

A No.

Q Now, you heard Mr. Prindiville testify that there was no rule-making procedure or official adoption of a regulation according to the Administrative Procedures Act on this question, did you not?

A The question is did I hear that?

Q Yes. Did you hear Mr. Prindiville testify to that?

A Yes.

Q And do you agree with him that there was no rule-making procedure or adoption of a regulation pursuant to the APA?

A There was none, to my knowledge.

* * *

[p. 42] Q Have you seen anything in the files to indicate that the department of insurance issued any rule

or notice or memorandum that this policy was to become a policy of the Department of Banking and Insurance?

A Have I seen anything written?

Q Yes.

A No.

Q When you examined insurance policy forms between the time you began in approximately 1980 until, say, 1985, did you think you had authority to disapprove a policy containing a pollution exclusion on the grounds that the department did not approve of pollution exclusions?

A Yes.

Q And when you returned such a form to an insurance company saying that you were disapproving of it, did you cite any [p. 43] statute or did you state that the filing was misleading or in violation of the rate requirements or ambiguous or did you just say that you didn't allow pollution exclusions?

A I think sometime I may have indicated some or all of those things, depending upon how the pollution exclusion appeared, and whether it was merely an endorsement of a policy form. If it were – the most basic of the objection would be simply that it was not departmental policy to allow it.

Q That we don't approve the pollution exclusions?

A Yes. But back in those times we also had rate control, and it was the department position that a reduction in coverage was a de facto increase in rate, and that

we required justification of all rate increases. Statistical justification, that is, experience as to losses and claims paid.

Q In January 1983, when you agreed that ISO could delete the pollution coverage and provide pollution coverage on a separate policy form, you have already told me that that would result in a rate increase to the customer, would it not?

A Yes.

Q Did you require ISO to justify that rate increase at the time?

A I didn't personally and I don't know – I don't know what was done there.

* * *

[p. 46] THE COURT: I'm not either. But I think the question is clear enough. The witness can deal with that. We'll overrule your objection.

A Would you please repeat the question.

Q Yes. Did you at any time you dealt with the – I'm sorry, strike that. Did the department treat the Unicover III program as an independent filing, independent of ISO, during the period 1980 through approximately '87?

A I'm not sure what you mean by an independent filing.

Q I mean separate and distinct from ISO filings.

A It was obviously not an ISO form being used.

Q The language in fact of the Unicover policy or the structure of the Universal cover policy is quite different from ISO's policy, is it not?

A Yes.

Q And ISO's policy, for example, has – sets out with categories of coverage, coverage A and coverage B; is that correct?

A Yes.

Q And Universal's policy doesn't have any such structure? Or doesn't follow the same structure?

A It doesn't follow the same format.

Q Now, Mr. Manchester brought up, you were not directly involved in approval of the May 1980 filing of the Unicover policy, were you?

* * *

CROSS-EXAMINATION

BY MR. MANCHESTER:

[p. 88] Q Now, can you tell us whether reference to an ISO filing authorization will assist people in your department to determine whether an insurer is making an independent filing or is relying upon ISO?

* * *

A If I have the specific filing in my hand that I'm about to review, I do not go check the ISO filing authorization. I rely on the statements in their transmittal letter and any explanatory memoranda with it.

Q Do you know whether Mr. Prindiville goes back to the ISO services filing authorization form?

* * *

A In the normal course of reviewing filings, no one goes and checks the filing authorizations.

* * *

[p. 98] REDIRECT EXAMINATION

BY MS. McANDREW:

Q Is there anything in your rules of regulation which says that such a filing needs to be labeled with the particular term "independent"?

A Not that specifically at least. In the filing regulation – I'm not intimately familiar any longer with 81-3, and I think that there may be some reference to it, [p. 99] perhaps not a direct reference in one of the sections on how to make a filing.

Q All right. If there were any such requirement that it be specifically labeled "independent," that's where you would have to look for it, in 81-3?

A Yes.

Q As a matter of fact, the whole Unicover III program was treated as an independent filing, was it not?

A I don't think you can say that. Normally that's not one of the things we look for, I mean on a filing by filing basis.

Q As to whether or not it's an independent filing?

A That's right.

Q You just treat it as a filing, whether independent or not?

A Yes.

Q And then you look at the forms to see whether they comply with the statutory requirements to be not misleading and not ambiguous and so on?

A Yes.

Q And that's what you said earlier in the day, that you tried to be very careful about to go through each filing and look at each form and make sure that it complied with those statutory requirements?

A Statutory and other, departmental position, et cetera.

Q Okay. Are you familiar enough – I think I may have asked you this morning and I don't want to repeat myself, but are [p. 100] you familiar enough with the ISO general liability form that you can look at the Unicover III policy and determine that it is not in fact on ISO's form?

A You can tell very quickly that it's not in their format, at least. As far as individual coverage items go, that would take a lot more detailed examination.

Q All right. In the letter which was just admitted as Plaintiff's Exhibit 22, there's some mention there of a recognized hazard and a filing of an independent risk filing, an acknowledgment by the insured that pollution exclusion – or pollution coverage was being deleted. Do you recall that line of testimony?

A Would you say that again?

Q I'm sorry. Mr. Manchester, asked you, didn't he, about Exhibit 22, which was your letter to him, your recent letter to him, in paragraph three, and about your use of the term recognized – in situations where there's a recognized hazard, a company can submit an individual risk filing to exclude pollution coverage?

A Yes.

Q And is it your testimony that that was effective July 1, '84?

A Yes. Let me – let me expand on that a little. The provisions were there before that to making independent risk filing, for – for instance, charging higher than the filed [p. 101] rate for a particular coverage, but we started at that time accepting individual risk filings to complete the pollution coverage.

Q All right. So that if an insurer complied with your procedural requirements in submitting this form, you would permit them in cases of recognized hazard to eliminate the pollution coverage?

A Yes.

Q So it's not entirely accurate then to say that pollution exclusions were illegal in Vermont as of July 1, '84, is it?

A No, they weren't illegal.

* * *

[p. 163] MS. McANDREW: I reserve my requestions for Mr. Mason until we put on our case.

THE COURT: You have an opportunity to cross examine your own witness and you don't want to take it?

MS. McANDREW: I'm going to pass, your Honor.

THE COURT: All right.

MR. MANCHESTER: You have been given the day off, Mr. Mason.

THE COURT: You may step down.

MR. MANCHESTER: Mr. Prindiville, please.

THOMAS F. PRINDIVILE,

being first duly sworn by the Courtroom Deputy, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. MANCHESTER:

Q Good afternoon.

A Good afternoon.

Q Mr. Prindiville, do you work for the Vermont Department of Banking and Insurance?

A Yes, I do.

Q What is your educational background?

A I have a Bachelor of Arts degree from Saint Anselm's College in Manchester, New Hampshire, and I have a CPCU designation; initials stand for Charter Property and Casualty [p. 164] Underwriter.

Q How many years have you worked for the Vermont Department?

A I have worked for the Vermont Department since 1978.

Q Have you worked for other departments of insurance?

A I worked for the New Hampshire Insurance Department for about eight years prior to that time.

Q What is your present position for the Vermont Department?

A I'm the chief insurance analyst in the Vermont Department.

Q What does that involve?

A That involves the supervision of the analyst section of the insurance department. We have five form and rate analysts and two support staff.

Q Total of seven people?

A Seven people.

Q How many filings approximately do you handle a year with those seven people?

A About seven thousand four hundred filings a year.

Q Are you here by – by way of subpoena?

A Yes, I am.

* * *

[p. 133] CROSS-EXAMINATION

BY MS. McANDREW:

Q Mr. Prindiville, when an insurance company files a form with your department and you approve it, is the company thereafter entitled to rely upon your approval and use that form in the state of Vermont?

A Yes.

Q And that approval is good until it's withdrawn, is it?

A Yes.

Q Are there procedures set out in the statute for withdrawing approval of a policy?

A There are.

Q What section do those appear in? 3542?

A 3541.

Q 41?

A 541.

Q And those procedures provide for what, notification of the company of the department's intention to withdraw its prior approval?

A That's correct.

Q Without that notification, would there be any other way of the department – or company knowing that you had withdrawn your approval of their policy?

[p. 134] A No other way.

Q Now, there's been some testimony here that in 1980, Universal's Unicover III policy was approved by your department; is that correct?

A That's correct.

Q And in that policy, there were apparently some exclusions with respect to pollution, including petroleum contamination of a body of water; is that correct?

A That's correct.

Q And that policy was approved by your department?

A Correct.

Q Was that approval ever withdrawn?

A No.

Q The statutory procedures were never filed – or followed for notifying Universal that your prior approval had been withdrawn?

A That's correct.

Q Had you followed those procedures and notified Universal of your intent to withdraw your prior approval, would Universal have been entitled to a hearing on that question?

A Yes.

Q But none of those procedures were ever undertaken, were they?

A They were not.

Q Yesterday in response to some questions from Mr. [p. 135] Manchester, you indicated – I believe he asked

you as to what you considered was your authority or the source of your authority for implementing this policy that you wouldn't approve of pollution exclusion. Do you recall that line of questioning?

A Yes.

Q And I think you testified in response that you relied on the unfair trade practices section of the statutes?

A I don't believe it was phrased in that way. Initially I testified that when the decision had been made by the Vermont Department, I was not an employee of the Vermont Department. And when I started to work for the Vermont Department, I was carrying out the policy that had been established by the department.

Q Had that policy been established in writing somewhere?

A I never found any – anything in writing to establish that policy.

Q Was there ever any rule-making procedure or other procedure under the Administrative Procedures Act which enacted that policy?

A I'm not aware of any.

Q Are you aware that any insurance companies or consumers were ever given an opportunity to comment on that policy or have any input with respect to it?

A I wasn't working with the department so I can't answer [p. 136] your question.

Q Well, did you ever become aware of any such –

A I never became aware of any such procedure.

Q Looking at section 3542 of the statutes of Title 8, does that statute set forth some grounds for disapproval of an insurance policy?

A Yes.

Q Disapproval by your department?

A Yes.

Q All right. Was your determination to disapprove the pollution exclusion somehow governed by that section?

A Pardon me? Could you repeat that question?

Q Yes. Was your determination to deny approval for pollution exclusions governed by that section?

A We never had to – to make that decision. I conveyed to the Insurance Service Office the department's intention to withdraw approval. Because we were able to reach an agreement with them, we never had to go through the formal process of withdrawing approval or citing various reasons for the withdrawal of the approval.

Q Well, I was talking about somewhat earlier. I was talking about during the 1970s when you indicated that you would not – not approve a form of policy which had a pollution exclusion in it, and I'm wondering if there's something in section 3542 that formed the basis for your authority to do [p. 137] that.

A Well, I wasn't working with the Vermont Department during the '70s. I came to work in 1978. I don't know how I can answer that question.

Q Do you recall being asked on any prior occasions about your source of authority for implementing this – or the department's source of authority for implementing this policy that pollution exclusions would not be approved?

A I believe the line of questioning dealt with our authority in general, and it was not specifically tied to the pollution exclusion.

Q You talking about in another case or in this case?

A I'm talking about in this case. I think Mr. Manchester was just citing our authority in general, but was not citing our authority to approve or disapprove a specific exclusion or a specific filing. I think that's like hypothetical. It's what – what we might do if something happens.

Q All right. Let's talk specifically about what you have referred to as a policy within the Department of Banking and Insurance not to approve a pollution exclusion in an insurance policy. You indicated that this policy was in place in the 1970s when you got to the department?

A Correct.

Q And I am – I want to inquire into what you understood was the source of the authority of the department to implement [p. 138] such a policy.

A I never had to – I was never really faced with that question, because it was my recollection that the insurance companies were complying with that procedure, and not one of them challenged us on that point or – that I can remember, in the early part of the – my employment with

the department, ever even requested a pollution exclusion.

Q Well, there are some – there are some correspondence in your file at various times between the 1970s -- mid 1970s and the mid 1980s to a variety of insurance companies indicating to them that you did not generally approve pollution exclusions; is that correct?

A Yes.

Q And since you have already testified that there wasn't any regulation or duly adopted rule which provided for such a policy, that this was something that the department did on its own; is that correct?

A I can't say there was no regulation. I was not here at the time. It's my understanding that there was not. I never saw any.

Q Have you ever seen any such regulation?

A I never saw any.

Q And therefore, I'm asking you what your understanding was as to the source of the department's authority to implement such a policy.

[p. 139] A I'm having a problem answering that question because it appears to me to be a hypothetical question, and you appear to be asking me what the department did, and I can't put myself in the place of the department during the early 1970s. I was simply not here.

Q All right.

A And I just – I don't know how I can answer that question.

Q All right. When you got to the department in the late '70s, did you perpetuate the requirement of the department once you moved into your job?

A Yes, I did.

Q And for what reasons did you do that?

A It was an established policy of the department.

Q Do you recall having your deposition taken on an earlier occasion in a case involving the St. Paul and the Town of Cornwall?

A Yes, I believe I do.

MS. McANDREW: Could we have this marked as whatever we're up to. HH.

Q I show you what's now been marked as Defendant's HH for identification and ask whether you can identify that as a sworn deposition that you gave in that case involving the St. Paul and the Town of Cornwall?

A Yes, it appears to be.

Q And I'd ask you to turn to page – pages 18 and 19. Well, [p. 140] beginning on page 17, I guess, do you recall being asked the question, "Do you know firsthand why the department did not like or approve of the use of these pollution exclusion in these multiperil liability policies?" Do you recall that question?

A Yes.

Q And your answer generally was that you were in New Hampshire at the time and not here. You were working in New Hampshire then so you didn't know

specifically, and then on page 18, do you recall the question, "But you did perpetuate that requirement of the department once you moved into this position; is that correct?"

A Yes.

Q And your answer was?

A "Yes."

Q All right. And then do you recall the question, "And during the course of perpetuating it, were you familiar or aware of the reasons?"

A Yes.

Q And your answer was "yes"?

A Yes.

Q And then you were asked to articulate those reasons, were you?

A Yes.

Q And then going on in the – your answer, you indicated [p. 141] that, quote, "One, I guess, was a concern for the environment in that there be some resources there to pay for cleanup"?

A Yes.

Q And then you talk a little bit more about this. Then you say, "though that was a concern over the environment. That's one concern"?

A Yes.

Q And then you talked about another concern which may have been to do with – was technical and had to do with rating?

A Yes.

Q And then you went on a little bit and at page 19, you expand a little bit more and then say that, "So I think those were the two reasons," the two you had previously talked about?

A Yes.

Q All right. Is that your – still your testimony today that that was the reason for the policy of the department, was concern for the environment, plus a rating consideration?

A I believe that was the reasons [sic] for perpetuating the policy. I can't tell you what the reason was when the policy was put in place.

Q But those were the reasons that you continued to apply it?

A That's my belief.

Q Now, are you aware that – and so – strike that. To expand on that a little bit, your concern was that [p. 142] there should be somebody who was financially responsible for cleaning up the environment and you thought that insurance companies were in a position to do that?

A In this particular instance, yes.

Q Are you aware that in some states such as New York, the regulatory authorities have determined that it's

against public policy to have insurance coverage available for pollution coverage?

A Yes.

Q And do you understand their reasoning to be that if there is available insurance coverage for pollution and environmental damage, that then the owners of the property might be less inclined to be careful about such things as gasoline and oil spills and less inclined to pay attention to keeping their property clean?

A I'm not certain of their total reasons for that action. That could be one. Another one could be a concern over solvency.

Q Were you aware that this issue was ever put to the people of the state of Vermont in the form of a rulemaking proceeding so that the people of Vermont could decide which one of those policies they might want to adopt?

A I think I answered that question, and the answer was I didn't know of any rule.

Q This was just decided informally within the Department of [p. 143] Banking and Insurance, is it?

A I wasn't here when the original policy was set up. I can't say whether it was formal or informal. When I came on board, I continued the policy that had been there. At that time we had no – we did not enact a rule but simply continued the policy that had been in place.

Q You have spoken earlier today about question of ISO filings versus independent filings on behalf of member companies, and I want to ask whether you recall

being asked some similar questions in connection with this St. Paul case, the earlier case. Do you recall some questions along those lines? And I'd ask you to refer specifically to page 40 of your earlier deposition and going onto page 41.

* * *

[p. 144] A Okay. Okay, I recall that.

Q And you – do you recall offering to explain that occasion something about the difference between ISO filings and other types of filings?

A Yes.

Q And the question doesn't make a great deal of sense, but you recall your answer, "I have to explain before I can answer that. I have to make a little explanation," and the question was, "Sure," and then can you tell us what your answer was?

A Do you want me to read that?

Q Yes.

A "The Insurance Service Office" –

Q Read slowly so the reporter can get your testimony, please.

A "The Insurance Service Office made filings for a number of companies, including St. Paul. Many companies, including St. Paul, also had programs or other policy forms which they filed on their own. You might call these independent forms. So the agreement with the Insurance Service Office concerning those independent forms" –

Q Let – can I interrupt you for a moment? I think you misread one line. I think you said "so the agreement with the insurance" –

A Oh, I'm sorry. "So the agreement with the insurance department concerning those independent forms would have [p. 145] governed in some cases, so we have two different set [sic] of forms. We can have one set of forms a company's issuing that's in effect Insurance Service Office forms and another set which are independent forms, forms the company themselves have drafted and the company themselves have filed with us. I think you'll find that St. Paul issued to the town an independent form, not a form drafted by the Insurance Service Office."

Q All right. And then on page – going onto the following page, you were – at the bottom of that page, do you recall being asked, "Does the department still have to approve that independent form?" And your answer was "yes"?

A Yes.

Q All right. And then do you recall being asked on page 42, "What's the basis for your believe [sic] that St. Paul used an independent form for the Town of Cornwall?"

A Yes.

Q And what was your answer on that?

A "I saw a copy of the form issued to the Town of Cornwall. I don't have it in front of me. I think you might have provided it to me, or just from reviewing it" – that doesn't make sense, does it?

A – "or someone provided it to me, if you didn't, and I could compare that with the forms issued by the Insurance Service Office or drafted by the Insurance Service Office and [p. 146] they were different. And in addition to that, I have a copy of a letter in front of me from Linda Bergseng to St. Paul" –

Q Of St. Paul?

A – "of St. Paul, referring to a simplified language modular form filing."

Q So in this earlier case when you were asked about an independent filing, you were apparently shown a copy of a form and you could determine that it was different from the ISO form and therefore it constituted and independent filing; is that correct?

A I'd have do [sic] look at the St. Paul filing. My belief is that it was clearly labeled an independent form, and also the St. Paul authorization had clearly specified that this program was an independent form.

Q Is there anything in your answer, in this earlier answer, as to what was the basis for your belief that it had filed an independent form, that referred either to the St. Paul authorization or to a labeling that it was an independent form?

A It does – I don't believe it says what I was referring to.

Q Okay. It says you could look at the language and that gave you some clue, and the other was that the letter from the person at the St. Paul referred to a simplified language, modular form, and therefore you could tell it was an [p. 147] independent filing?

A We're talking about a filing or filings, and it's not specific. It just refers to some filing or filings. We're not referring to a specific filing, so –

Q Was this earlier testimony true to the best of your knowledge and believe [sic] at the time that you gave it?

A Yes.

Q Looking at the Defendant's Exhibit A –

THE COURT: Is that A or K?

MS. McANDREW: A is the May 2nd, 1980 filing with the defendant.

* * *

[p. 148] Q Referring to the final paragraph on the first page of that letter, does Universal indicate in their cover letter that they have been working on the problems unique to motor vehicle dealers in having their claims staff collect data on the type of claims presented and so on?

A Yes.

Q And does it say, "We then had our Unicover committee concentrate for one and a half years creating an easy-to-read policy with only motor vehicle dealers in mind"?

A Yes.

Q Does that give you some indication that this policy might be somewhat different than the ISO policy?

A Yes.

Q Then going onto the third page of that letter, which is number stamped 0284, in the paragraph of text at the bottom of the page, does Universal indicate that "in order to create a product with distinctive readability and understanding, it was necessary to completely revise common insurance language"?

A I see that.

Q And they say that "due to this mass conversion from conventional to modern language, and from generalization to specialization, Unicover III is an entirely new product"?

A I see that.

[p. 149] Q That's included in the cover letter, is it?

A Yes.

Q Would that give the insurance department some indication that this was not the same as the standard ISO policy in effect at the time?

A Yes.

THE COURT: Is this a convenient breaking point here?

MS. McANDREW: Sure.

THE COURT: We'll take our afternoon recess.

* * *

[p. 153] CONTINUED CROSS-EXAMINATION

BY MS. McANDREW:

Q Mr. Prindiville, before we took a break, we were looking at Defendant's Exhibit A, which is also Plaintiff's

Exhibit 23, I believe, which was the May 2nd, 1980 Universal filing, and it – referring again to the cover letter, and now I'm referring to page two, which is the number stamped 0283, do you have that in front of you?

A What page are you referring to?

Q Page two of the cover letter.

A I see it.

Q And the second paragraph on that page that begins, "As future time permits."

A Yes.

Q You see where I'm referring?

A Um hum.

Q And did Universal tell you in that letter that "Since this filing is not a revision of the current Unicover, we wish for that policy to remain in effect"?

A Yes.

Q All right. so they made it clear in their cover letter, did they not, that this was not a revision of an earlier filing that they had made; this was a new filing?

A Yes.

[p. 154] Q And then on the final page of that cover letter, which is number stamped 0288, they indicate that "there are few areas of language change that might seem to limit standard basic coverage"; is that correct?

A Yes.

Q And there they refer to a variety of exceptions or exclusions to the policy coverage?

A Yes.

Q And under section five there, they indicate, do they not, that "both the standard language and our policy exclude BI, that's bodily injury, and PD, property damage, from the discharge or escape of petroleum into a body of water"? And then they go on to say that "standard language states that the exclusion did not apply if the escape was sudden and accidental. We wish the exclusion to apply whether accidental or not." They pointed that out to you, did they not?

A Yes.

Q And they did refer to exclusion N of the garage coverage part?

A Yes.

Q And exclusion N of the garage coverage part is the one that pertains to the escape of petroleum and petroleum substance into a body of water?

A I'd have to refer to it. If you say it is, I accept it.

Q I don't want to hold this up while we do that. And then [p. 155] in the Vermont State Amendatory Part that was submitted as part of that filing, and follows immediately after the cover letter, Universal deleted the pollution exclusion to a limited extent, did they not?

A Yes.

Q All right. And you can tell by looking at the Vermont State Amendatory Part, which is the three-page document, that the exclusions pertaining to – the exclusions pertaining to pollution and contamination are

deleted with respect to an auto insured by the policy and garaged in or used for garage operations in Vermont; is that right?

A Yes, I see that.

Q And then it goes on the next page to indicate which of those exclusions are deleted, and those are M and N with respect to the garage insurance?

A Yes.

Q G, basic auto; and G and H in the umbrella coverage?

A Yes.

Q There's no deletion of the exclusions in the general liability policy is there?

A There's no mention at all.

Q Okay. Does it say somewhere in your rules and regulations that a transmittal or covering letter must set forth the exact policy provisions that are being presented for your consideration?

[p. 156] A When this filing was made, we didn't have a regulation.

Q So there was no requirement at that point about what the transmittal –

A There was no requirement, no rule that spelled out the requirements.

Q And 81-3, as in effect now, or sometime subsequent to this filing, did make some requirements or include some requirements for the transmittal letter, did it not?

A Yes.

Q And even under 81-3, is there a requirement that the transmittal letter described in detail the coverages or exclusions that are under consideration?

A I'd have to refer to it. There is some mention of it in the regulation.

Q Do you have 81-3 with you? I think it's Plaintiff's Exhibit 50.

A Yes, I have it.

Q And I'm looking at section six under "general requirements," subsection B. And does that subsection indicate that the filing transmittal letter shall contain a descriptive caption?

A Yes.

Q And the caption shall briefly identify the line of insurance and so on?

A Yes.

[p. 157] Q There's no – I'm sorry. Go on to the rest of subsection B on the next page. The final sentence of it indicates that in order to expedite the filing process and to reduce correspondence, the filing should be reasonably documented and self-explanatory; is that correct?

A Yes.

Q And then it gives as an example, if expense ratios are in a filing, an explanation as to how the ratios were obtained must be provided?

A Yes.

Q And then in subsection E, it indicates that the – when an insurer or other filer submits a rule or form, the transmittal letter thereof shall state how the rule policy or form will be used; is that correct?

A Yes.

Q Is there anything else in this regulation 81-3 that indicates that a transmittal letter is required to provide in precise detail the coverages and/or exclusions thereto?

A I haven't really seen this regulation for a number of years until yesterday, so it would take me some time really to – to review it to answer that question. I believe there are other provisions of it that do apply to the filing. It's difficult for me to answer right now without reviewing the regulation.

Q In any event, if there were any more specific requirements [p. 158] as to what was to be contained in a transmittal letter, the place to find it would be in 81-3?

A Yes.

Q There isn't any other rule or regulation that you are aware of that details what needs to be in the transmittal letter?

A No.

Q When an insurer – I'm sorry, when an ISO filing is made, and then ISO files changes to that filing, changes to that form that they have previously filed, does that ISO change affect forms which have previously been filed on an independent basis by other insurers or by insureds?

A No.

Q No?

A No.

Q Does the disapproval of a specific form have any effect on the earlier approval of a different form?

THE COURT: You're losing me.

Q Well, does your – the approval or disapproval of a particular form apply only to the form that you stamp the approval on or disapproval on?

A Yes.

Q So when an insurer submits a form to you, and you stamp "disapproved" on it, does that have any bearing or effect on forms which you have previously approved?

[p. 159] A If the forms we have previously approved were different, it has no effect. If we're not – if we're talking about two different forms, I think we are here, it would have no effect. If we're talking about, in effect, the same form, then it's going to apply to all forms of the type in the – referenced in the disapproval.

Q Assume that insurance company A submits a form for your approval, and perhaps it relates to uninsured motorist coverage, and you stamp your approval on that form, this is an acceptable policy to use, and then assume that insurer B comes in and has a form which also relates to uninsured motorist coverage but is not identical to the form submitted by insurer A, and you for one reason or another disapprove insurer B's filing, you stamp disapproved on it and you send it back to them for further work. You with me?

A Yes.

Q Okay. Does that disapproval of insurer B's form have any effect on insurer A's earlier filed approved form?

A No.

Q If something is objectionable in a filing which you receive, do you disapprove the entire filing?

A Normally, yes.

Q You usually send back the whole thing?

A We send a letter to the company communicating our concerns.

[p. 160] Q All right. "We can't approve this filing until you straighten out this problem or that problem"?

A That's a fair representation.

Q Have you had an opportunity to go through the filings under the Unicover III program that were made by Universal between May of 1980 and, say, 1986 or '87?

A Yes.

Q You have been through all of those?

A I believe I have.

Q And have you – those were produced primarily by Universal, were they?

A Yes.

Q They weren't – some of them weren't available in your department or you couldn't find them?

A Yes.

Q Have you had an opportunity to look at the various approvals and disapprovals that are noted on them?

A Yes.

Q Do you have any reason to question that in fact the approvals or disapprovals noted on them were those of your department?

A I have no reason to believe that they weren't.

Q So that the stamps that appear on them appear to be the stamps that came out of your office?

A They appear to be.

[p. 161] Q I may have asked you this in another context, but is it true that even today you allow Universal to exclude pollution coverage on all retail gasoline sales where there are underground storage tanks if Universal complies with certain procedural requirements in obtaining the insured's signature and filing that with the department?

A If they make an individual risk filing, we would approve it. There are – okay.

Q Am I correct that you have approved for Universal's use with its Unicover III policy a form of pollution exclusion which has a place for the insured's signature?

A Yes.

Q All right. And you have agreed with Universal that if they satisfy themselves that there is a pollution risk, which in these cases is ordinarily underground storage tanks, and they obtain the insured's signature, and

mail that to your department to be kept on file, that they may issue the policy in that form with those exclusions?

A Yes.

Q When was the ISO business owner's policy amended to provide for deletion of the pollution exclusions?

A I couldn't tell you without looking at some document.

Q Was it sometime after the filing which was previously marked or admitted as Plaintiff's 9 which pertain to the ISO general liability policy?

[p. 162] A Yes, it was.

Q I show you what's been marked and I guess admitted as Defendant's FF for identification and ask you whether that appears to be an ISO circular pertaining to the pollution exclusions with respect to the ISO business owner's policy?

A Yes.

Q Now, does the ISO business owner's policy contain some general liability provisions?

A Yes.

Q And apparently looking at this ISO circular, it seems that ISO did not file a pollution exclusion deletion form until sometime in April or May of 1985; is that correct?

A Yes.

Q So prior to that time, presumably the ISO business owner's policy did not have this deletion of the pollution exclusion attached to it; is that fair to say?

A Yes.

Q So in – then apparently in 1984 and '85, there were forms of general liability – forms of insurance policies which included general liability coverage which did not have the pollution exclusion deleted and which had been approved by your department; is that correct?

A The forms had been previously approved and remain in effect.

Q They remain in effect because you hadn't notified ISO of [p. 163] withdrawal of approval?

A That's correct.

Q You mentioned earlier the Unfair Insurance Trade Practices Act in connection with the approval or disapproval of insurance policy forms. And I wonder when you first thought of this idea that that statute had some bearing on the approval or disapproval of policy forms?

A When did I think about that? That your question?

Q Yes.

A I can't tell you.

Q In any event, apparently by March of 1990, you hadn't thought of that as one of the reasons that you approved or disapproved pollution exclusions; is that correct?

A My answer was that we were never faced with a hearing situation where we had to legally document our

reasons for doing something or not doing something. Now, I was just – I think I said before, I was carrying out the policy that was the – the department had.

Q Apparently it has been determined by your department that it does not constitute an unfair trade practice to exclude pollution coverage altogether in certain high risk situations so long as the insured signs off on the form; is that correct?

A Correct.

Q And it has also been determined that it's not an unfair insurance practice to exclude pollution coverage in a garage [p. 164] liability policy; is that correct? The forms we have been talking about are general liability policies, are they not?

A Yes, they are.

Q Do you have any similar rule pertaining to garage liability policies?

A Yes, there would be a similar rule pertaining to garage liability.

Q Where is that rule set out?

A This is – well, I have used the wrong term when I said rule. Rule usually refers to rule-making procedure and I shouldn't use that term. Policies is the more correct term. The policy the department had to resist or not – not – to disapprove pollution exclusions applied to garage liability and it applied to general liability, business owners. It applied to liability in general, wherever it was found.

Q But not all at the same date, did it? I mean apparently business owners, as far as ISO policy was concerned, wasn't effective until sometime around June 1985?

A It was effective then because it was an error.

Q It was an error?

A Yes.

Q Are you aware that the Vermont legislature has dealt with the issue of available insurance coverage and pollution damages or environmental cleanup costs and other legislation?

A Yes.

[p. 165] Q Are you familiar with the Superfund legislation?

A No, I'm not familiar with that. I have heard about it.

Q And are you familiar with the fact that the Vermont legislature has provided for funds for environmental cleanup up to the amount of a million dollars if insurance coverage is not – a million dollars with respect to any one spill, if insurance coverage is not available?

A That's my general understanding. I'm not familiar with that statute, but that's my understanding that there is something like that out there.

Q So you do have some knowledge that the legislature has dealt with the issue of available insurance coverage as it relates to environmental cleanup or pollution accidents?

A I'm not really qualified to answer that.

Q When you sat down and negotiated with ISO over this endorsement – I don't remember the number. The one that pertains to deletion of a pollution exclusions [sic]?

A Plaintiff's Exhibit 9.

Q Plaintiff's 9, yes. But it must have an ISO number, but I can't –

A GL0154.

Q That's not referenced on the cover page, cover letter of Exhibit 9, is it?

A No, it's not. This is a draft, and the number's not on there.

[p. 166] Q I'm sorry, what –

A This is a – a draft of the endorsement, and the endorsement form number does not appear on the draft.

Q I see. When you – all right. Referring to the endorsement that is contained within Plaintiff's Exhibit 9, did you – did ISO negotiate any changes to the Unicover III policy?

A They did not mention Unicover III by name.

* * *

[p. 168] Q I'm not sure that the background of what happened with the pollution exclusion with respect to the ISO policy was entirely made clear, and I wonder if we could go over that a little bit.

[p. 169] Am I correct that ISO, with its general liability policy, at your request or direction, deleted generally the pollution exclusions from sometime in the '70s until January 1st, 1983?

A I wasn't working for the Vermont Department in the early '70s but it's my understanding that it was the department's policy.

Q And then in approximately January of 1983, the department permitted ISO to exclude from its general liability policy pollution coverage on this representation that a separate policy would be made available to provide pollution coverage?

A That's correct.

Q All right. And then sometime in approximately October of 1983, the department began to understand that such independent separate policy was not widely available to consumers in Vermont and was not being provided, and you then did what, notified ISO that you intended to withdraw your approval of the pollution exclusion?

A We simply contacted them and indicated our concern, and said we intended to withdraw approval of their policy form. But what we would have had to have done is with – what we would have had to have done was to withdraw our approval of their general liability policy form.

Q So you indicated to ISO then sometime in 1983 that you intended to withdraw your approval of their general liability policy which excluded coverage for pollution damages?

[p. 170] A Yes.

Q And then in response to that, you had some meetings with ISO and then you came up with this compromise and ISO said, "All right, we will once again delete it from our policy"?

A Yes.

Q Was Universal authorized – had Universal authorized ISO to make filings on its behalf prior to the filing that's already in evidence? I think that's Plaintiff's 6. That's the ISO authorization form.

A Yes.

THE COURT: I'm sorry, I missed that question.

MS. McANDREW: I think you can afford to miss it because I already asked it before.

THE COURT: You did?

MS. McANDREW: I did. I asked whether Universal had submitted these ISO authorization forms in years prior to the one that's been admitted into evidence for 1982.

THE WITNESS: The answer's yes.

Q Do you mean to suggest that, in looking at that form, that ISO could not, once it filed that authorization form, could not file an independent policy form on its own behalf?

A You're using the form ISO. I think you want to refer to Universal Underwriters.

Q I'm sorry. Do you mean to suggest that after filing the ISO authorization, that Universal would be

prohibited from [p. 171] filing a separate form on its own behalf?

A It would not.

Q And in fact, over the years, when it had these authorization – ISO authorization forms on file with the department, it continued to file its Unicover program and certain amendments thereto, even though it had this form on file

A Yes.

Q And you never rejected one of Universal's forms because it had authorized ISO to act on its behalf, did you?

A That's true.

Q You went ahead and stamped your approval or disapproval depending upon the merits of the form that was being filed?

A That's correct.

Q Are there instances in which your department sends notice to a carrier or a group of carriers that you intend to take a particular position with respect to insurance policies?

A Yes.

Q And have you done that recently, for example with respect to title insurance and claims of the Abnaki Indians?

A Yes.

Q And what did you do, you sent around a letter to each insurer who was in the business of – who is authorized to write that kind of business in Vermont?

A Yes.

[p. 172] Q Did you write any such letter in connection with your policies pertaining to pollution exclusions?

A Not that I am aware of.

Q Did you do it either before this period in 1983 that we have talked about or after that period? At any time did you do it?

A I'm not aware of any letter that dealt with the pollution exclusion.

* * *

[p. 174] Q Looking again at 81-3, I have asked you to look at – specifically at section eight. You got section eight in front of you?

A Yes.

Q Does that section relate to what is referred to there as exception filings?

A Yes.

Q And does it indicate that an insurer who has authorized a rating organization to submit a policy form on its behalf may submit exceptions to that filing authorization for departmental consideration in connection with any insurance program, rule, rates, policy, form and/or line of insurance or combination of those, and then does it indicate that the insurer may not use the insurance program, rule, rates, policy or form which was filed by

the rating organization in its behalf on and after the effective date of its exception [p. 175] filing?

A Yes.

Q And consequently, all subsequent revisions to the excepted rule and rates and so on which are submitted by the rating organization will not apply on behalf of such an insurer? Is that what 81-3 indicates?

A It depends on the authorization at the time. If the authorization hasn't changed.

Q Well, does section eight say anything about the authorization other than if an insurer has filed such an authorization?

A The authorization is, at the time the filing is made, going to govern. The authorization is going to govern.

Q Doesn't section eight say that an insurer who has authorized a rating organization to submit forms on its behalf may nevertheless submit exception filings?

A That's true.

Q And it doesn't say anything about filing any form permitting them to file exception filings, does it?

A No, it doesn't say they can't change the authorization. It doesn't say they can't go back. They can go back and – they can go back and use the Insurance Service Office forms just as filed if they wished at any time. So that they could have an exception one year and the next year use ISO forms as long as they file that letter with us and said, [p. 176] "We're now members of the Insurance Service Office and we're gonna use those forms."

Q That authorizes them to use their forms, use ISO forms?

A That's correct.

Q Does it require them to use ISO forms as opposed to some other form that they may submit and have you stamp your approval on?

A It depends how that letter – how the authorization is completed. If the authorization is completed and says they have authorization to file rules, rates and forms with the exception, of course the exception's not included within the authorization. Lacking a specific exception, it applies to all rules, rates and forms.

Q Lacking a specific exception, they would – a company filing or a company who is a member of ISO would be permitted to use ISO forms?

A Yes.

Q All right. Would they be required to use ISO forms or could they submit some separate forms?

A They would be required to use ISO forms.

Q Unless they submitted a separate –

A Unless subsequent to that they submitted some separate forms, different forms.

Q Mr. Prindiville, I show you what was previously marked and admitted as Defendant's P and ask you whether you can identify [p. 177] that as the filing that was made by Universal originally on September 15th, '83,

the filing made at your department. And it may be confusing because the original filing is at the back of it, but I think it's page 0620.

Do you have in front of you the original filing dated September 15th, 1983?

A Yes.

Q And does that indicate in the caption that it relates to the Unicover III program?

A Yes.

Q All right. And it also says that it refers to the Vermont State Amendatory Part?

A Yes.

Q And does Universal indicate in that cover letter to the department that it's submitting in captioned forms – "the changes are to comply with" a certain section of the Vermont Statutes and also with the changed ISO form CA0232?

A Yes.

Q And was that filing declined by the department on September 23rd, 1983?

A Yes.

Q And so even though it was an ISO form, but included the language from an ISO form, it was disapproved by your department, was it not, for use with the Universal policy?

A It was disapproved for technical reasons.

[p. 178] Q But it was nonetheless disapproved by your department?

A Correct.

Q And until Universal complied with your technical requirements, Universal was not authorized to use that form with its Unicover III policy, was it?

A That's correct.

MS. McANDREW: May I have just a moment, your Honor?

THE COURT: Surely.

Q To your knowledge, did your department ever launch any or begin any investigation – strike that. Maybe that's not the way I want to ask the question. Was Universal ever investigated or fined for engaging in unfair insurance trade practices with respect to any of the issues we have been talking about?

A Not that I know of.

* * *

[p. 108] Q They could have, but apparently they didn't. But on the front page of the authorization that you just read us that any filing that they file that's inconsistent with an ISO filing is superseded by the new filing? I mean supersedes the ISO filing?

A The inconsistency would have to happen in the future, not in the past.

Q Right, and they had one of these forms on file with you at the time they filed the Unicover III policy in 1980, did they not?

A Yes, they did. Now –

Q And –

A I would say –

MR. MANCHESTER: You can finish the answer.

A The 1980 filing of Unicover III would have amended, in effect, the prior authorization of the Insurance Service Office.

Q Right. And that filing was a separate and independent filing from the ISO comprehensive general liability form, is it not?

A Yes.

* * *